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Social Entrepreneurship for Inclusive Growth in the Democratic Republic of Congo

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This report provides an overview of opportunities and challenges for the social enterprise sector in the Democratic Republic of Congo. The analysis is based on a literature review and primary data collection across the country. The report presents findings from the data collection, examines international lessons of experience, and lays out a menu of options for strengthening social entrepreneurship in the Democratic Republic of Congo through development programs.

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Contents

Acknowledgments *v*
Abbreviations *vii*

Summary 1

I. Introduction 3
Democratic Republic of Congo Social and Economic Context 3
The Need for Private Sector Solutions 3
Strengthening Social Entrepreneurship Through Development 4

II. Overview of Social Entrepreneurship in the Democratic Republic of Congo 7
How Social Enterprises Provide Solutions to Intractable Development Problems 7
Rationale for Engaging with the Social Enterprise Sector 8
Adapting Lessons from Global Experience in Fragility, Conflict, and Violence Contexts 11
Methodology for Analysis of the Social Enterprise Sector 14
State of the Social Enterprise Sector in the Democratic Republic of Congo 18
Characteristics of Social Entrepreneurship in the Democratic Republic of Congo 18
Understanding Ecosystem Conditions for Social Enterprises 35

III. Comparative Social Enterprise Case Studies 45
Descriptions of Case Studies 45
Comparative Analysis: Balancing Social Impact and Financial Sustainability 57

IV. Objectives for Government Support and Involvement 59

V. Conclusions and Recommendations 67

References 71

Appendix 77
A. Typology of Social Enterprise Organizational Forms and Ecosystems 77
B. Overview of Available Quality and Cost-Efficiency Data for Types of Social Enterprises 81
C. Survey of Social Enterprises in the Democratic Republic of Congo 84
D. Summary of Consultations and Discussions 88
E. Map of Social Enterprises by Sector of Activity in the Democratic Republic of Congo 92
F. Democratic Republic of Congo Public Procurement with Social Enterprise 93

Boxes

1. Definition of Social Enterprises 4
2. Example of a Successful Social Enterprise: Aarong in Bangladesh 8
3. Examples of African Social Enterprises that Scaled 12
4. Four A's Model of Service Delivery 13
5. Key Sources of Data for Social Enterprise Mapping in the Democratic Republic of Congo 17
6. Social Enterprise Solutions that Support Conflict Resolution 24
7. Profile of a Woman-Owned Social Enterprise in the Democratic Republic of Congo 25
8. Example of Using a Social Enterprise to Maintain the Results of Development Operations 28
9. Limitations of OHADA Legal Framework for Social Entrepreneurship 37
10. Schoolapp: A Positive Example of Social Enterprise and Government Collaboration 39

Figures

1. Social Enterprise Sector Dynamics in Africa 11
2. Framework for Analysis of the Social Enterprise Ecosystem 16
3. Increasing Presence of Social Enterprises in the Democratic Republic of Congo 19
4. Growth Stages of the Social Enterprise Sector in the Democratic Republic of Congo 21
5. Number of Social Enterprises per Province Based on Headquarters Location 22
6. Urban and Rural Areas of Social Enterprise Activities and Distribution of Social Enterprises by Headquarters Location 22
7. Sectoral Distribution of Social Enterprises by Primary Sector of Activities 23
8. Social Enterprises in the Democratic Republic of Congo by Type of Legal Form 26
9. Social Enterprises' Main Objectives by Sector 29
10. Social Enterprises' Focus on Economic Empowerment 29
11. Main Categories of Social Enterprise Beneficiaries in Poor Communities 31
12. Main Categories of Social Enterprise Paying Clients 32
13. Average Number of Beneficiaries by Model of Enterprise 33
14. Average Number of Beneficiaries by Sector 33
15. Results Measurement Methods Used by Social Enterprises 33
16. Social Enterprises' Main Sources of Funding 34
17. Social Enterprises' Expected Fundraising in 2020 by Types of Funding 34
18. Business Model Versus Social Impact of the Social Enterprise Cases 58

Tables

1. Legal Forms of Social Enterprises in the Democratic Republic of Congo by Type 15
2. Ambition Plans for Job Creation by the Social Enterprise Sector 21
3. Social Enterprise Support through Community-Driven Development Approaches in World Bank Operations in the Democratic Republic of Congo 26
4. Social Enterprise Sector Workforce Composition 30
5. Main Beneficiaries of Social Enterprises and Common Types of Services 32
6. Basic Information for the Selected Social Enterprise Cases 45
7. Comparative Analysis of the Social Enterprise Cases 57
8. Improving Policy and Regulations 64
9. Simple Taxonomy of Social Enterprise Types 77
10. Various Categories of Social Enterprise Ecosystems by Stage of Development 79

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Abbreviations

AECF	Africa Enterprise Challenge Fund
AFD	French Development Agency (*Agence Française de Développement*)
AFDB	African Development Bank
AUSCOOP	Uniform Act on the Law of Cooperative Societies
B2B	Business-to-Business
B2C	Business-to-Consumer
BPHS	Basic Package of Health Services
BRAC	Bangladesh Rural Action Committee
CBO	Community-Based Organization
CDD	Community-Driven Development
DFID	U.K. Department for International Development
DRC	Democratic Republic of Congo
FBO	Faith-Based Organization
FCV	Fragility, Conflict, and Violence
FEC	Federation of Congolese Enterprises (*Fédération des Entreprises du Congo*)
FNPSS	Social Fund (*Fond National de Promotion et Service Social*)
FPE	For-Profit Enterprise
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GIE	Economic Interest Group (*Groupement d'Interet Economique*)
ICT	Information and Communication Technology
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MSME	Micro, Small and Medium Enterprise
NGO	Non-Governmental Organization
OHADA	Organization for the Harmonization of Business Law in Africa
P4P	Pay-for-Performance

PPP	Public-Private Partnership
SACCO	Savings and Credit Cooperative
SDG	Sustainable Development Goal
SE	Social Enterprise
SME	Small and Medium Enterprise
SOCOC	*Société de Construction du Congo*
UNDP	United Nations Development Programme
USADF	United States African Development Foundation
USAID	United States Agency for International Development
VfM	Value for Money
WASH	Water, Supply, and Sanitation
WTO	World Trade Organization

Summary

While its poverty rate has fallen slightly over the past two decades, the DRC remains one of the poorest countries in the world. In 2018, 72 percent of the population, especially in the North West and Kasaï regions, lived in extreme poverty on less than US$1.90 a day. The unaddressed demand for service delivery will require local private sector solutions to meet the needs of the poor, marginalized, and other underserved populations. Social enterprises (SEs) champion emerging private sector solutions to bring services to these populations, by switching from charity-based, donor-dependent organizations to revenue-generating and sustainable enterprises. In addition to economic growth and wealth generation, entrepreneurs can also create considerable social benefits, especially when they push the frontier of developing markets and start delivering goods and services to the poor and marginalized.

This report provides an overview of opportunities for, and constraints to, social entrepreneurship in the DRC and lays out a menu of options for strengthening social entrepreneurship through development programs. This is the first effort to date to gather systematic primary data on social entrepreneurship in the DRC. The report presents a rationale for why the SE sector is important in the DRC context and an assessment of the current size and scale of the existing SE sector in the country. The findings are based on a desk review of recent documents available on the SE ecosystem; two rounds of online, phone, and face-to-face surveys; and a series of interviews with government officials, business enablers, SEs, beneficiaries, and focus groups that presented key findings of the ecosystem analysis to stakeholders.

The report gives an overview of SE sector and ecosystem constraints involving four areas: policy and regulation, financing, infrastructure and human capital, and information and networks. Key findings from the DRC assessment include: SEs serve the rural and urban poor but have disparities across the country; Congolese entrepreneurs power the SE sector; SEs' objectives focus on empowerment, job creation, peacebuilding, and service delivery; SEs create formal jobs, including for youth and women; the SE sector is exhibiting positive dynamics; SEs' growth is constrained by limited sources of funding; and SEs rely on collaboration and partnerships to form and move forward in their life cycle.

The DRC has a rich variety of SEs in different sectors and geographic areas, and 10 SE case studies are presented and comparatively analyzed to illustrate the variety and value. Each SE case addresses at least one of the many economic or social challenges prevalent in the DRC, and the cases represent different sectors of activity, legal forms, and partnerships with the government. The SE profiles include Makala Bio, which converts industrial organic waste into briquettes; Panzi Hospital, which offers medical care for sexual violence survivors and reintegration assistance; Ubiz Cabs, which provides safe transport with daytime

women drivers; and AJDBV, which provides skill training of former combatants and rebels.

As demonstrated by the data from the DRC, examples from the other countries, and the literature review, SEs could support the country's development in various ways. SEs can expand the coverage and improve the quality of much-needed services to disadvantaged populations at an affordable cost; improve the cost-efficiency of service provision through public-private collaboration; increase employment opportunities for marginalized persons; and improve the economic and social cohesion of communities.

However, SEs face significant hurdles in achieving their full potential in the DRC. Although the number of SEs are growing, they are still at the early stages of development and face internal (organizational capabilities) and external (ecosystem) constraints to growth. The report outlines the many challenges SEs face in the DRC related to constraints in their environment.

The report's conclusions and recommendations provide options for engaging social entrepreneurs in the DRC by focusing on support initiatives, policies, and regulatory aspects. Key among these recommendations are to:

- Socialize government officials on the benefits of the SE sector and the various tools to engage with them. Increase knowledge on the part of development policy makers and practitioners on good practices for collaborating and supporting the sector. This may best be done on a pilot basis in World Bank-financed operations that can demonstrate how to contract with SEs.
- Expand the development impact that SE generate by deploying public procurement tools to engage with SEs, including using social procurement—which incorporates social and environment benefits into the bid evaluation, or pay-for-performance—to recognize and encourage the social benefits generated.
- Recognizing that SEs have highly inclusive employment practices, increase the number of new SEs and the quality of their operations by engaging with enabler organizations or educational institutions to deliver training or support services for them.
- Improve financing options for SEs throughout their entrepreneurial journey, from competitive seed grants to replication grants to impact funding.
- Acknowledge how governments that create a more enabling legislative and regulatory environment for cooperative growth help improve business management and corporate governance for SE growth strategies.

Together these actions can raise awareness of the value SEs can bring to the DRC and show how to support the growth of the SE sector. Both the pipeline and quality results of the two prongs could generate the confidence and demand to embark on more comprehensive policy changes. The recommendations also may be useful for continuing discussions within the World Bank Group, DRC government, and SE community, and with interested donors and other stakeholders.

I. Introduction

Democratic Republic of Congo Social and Economic Context

During the COVID-19 pandemic, local and innovative solutions to service provision in situations where traditional actors or the market have failed are needed more than ever. Health concerns and negative economic shocks have hit the excluded, vulnerable, and those in the informal economy the hardest, especially in developing countries. Populations struggle to meet their most basic needs for food, water, energy, or health care following job loss and sickness. Businesses face lower demand for their products and services, which creates cash flow problems. When present, governments' measures are not easily accessible in remote areas or to unregistered workers and firms. These challenges exacerbate the difficult living environment in fragile and conflict-ridden countries such as the DRC.

Forty years of conflict and fragility have taken a toll on economic and social development in the DRC. Almost three quarters of its 80 million people live in extreme poverty, none of the Millennium Development Goals (MDGs) were achieved by 2015, and progress so far on the Sustainable Development Goals (SDGs) is modest. While the DRC's Gross Domestic Product (GDP) tripled over the last decade, it has not translated into improved access to basic and life-saving services for the average Congolese citizen. One in ten citizens lacks access to adequate food, while one in two citizens lacks access to safe water.[1] Half of the country's children are chronically malnourished, and the same proportion never finishes elementary school.[2] In addition, any political instability, poor governance, weak state institutions, and elite capture lead to corruption at all levels, which takes a heavy toll on public service capacity to deliver key services (Bak 2019).[3] Given the 3.3 percent yearly growth, the DRC's population would reach 400 million in 50 years, with Kinshasa becoming the largest city in Africa (alongside Lagos). Hence the urgency for the country to move to a strong and sustainable growth path.

DRC provincial governments tax citizens in highly predatory ways that do not increase the quality of service provisions. Estimates of how much tax revenue goes back into public services are extremely low (Englebert and Mungongo 2016). For instance:

- A new tax for trash collection did not lead to trash collection in most provinces.
- Water quality for human consumption is an issue, and there is a risk of water pollution by the mining sector and large cities.
- Even optimistic estimates show the urban access rate for improved sanitation declining since 2000, and it was a mere 13.5 percent in 2015 (World Bank 2017).
- Currently, no public piped sewer system of scale exists in any DRC city, nor do safe disposal sites for fecal sludge from latrines.

The Need for Private Sector Solutions

This growing and unaddressed demand for service delivery will require local private sector

solutions to meet the needs of the poor and other underserved populations. These solutions should rely on accountability to customers, local implementation, private sector creativity, and sustainable delivery models. Beneficiaries and local stakeholders report that they are often excluded from the design and implementation of service delivery by the government and donors. Governance challenges, such as rampant corruption and capacity issues, increases the reliance on third-party implementation of development projects, especially those funded by donors. However, external actors, such as international firms, non-governmental organizations (NGOs), and others, have a limited understanding of local challenges and often fail to build trust and adequate community engagement. Moreover, the sustainability of their services typically ends once the funding dries out.

BOX 1. Definition of Social Enterprises

SEs are private organizations that use business methods to advance their social mission in a financially sustainable way. They focus on maximizing the public good as opposed to maximizing short-term profits for their shareholders and private owners. Due to their strong presence and understanding of local communities, SEs are often able to reach the underserved through innovative solutions.

SEs champion emerging private sector solutions as a way to bring services to poor and marginalized communities through switching from charity-based, donor-dependent organizations to revenue-generating and sustainable enterprises. They also can achieve progress in promoting public good, such as a clean environment. This report is based on the premise that SEs can promote a new development model based on the principles of local participation and social value creation through marketplace endeavors (Box 1). Because SEs encompass a wide variety of organizational forms (for example, NGO, faith-based, company, cooperative, not for profit, and so on) their business models can be market-driven, client-driven, self-sufficient, commercial, and business-like, and they can have many legal forms (Triponel and Agapitova 2017).

A review of international experiences by the World Bank (2016) shows that an increasing number of governments successfully include SEs in their policy agendas to address institutional and market failures in service delivery to the poor and to promote sustainable and equitable growth. In addition to economic growth and wealth generation, entrepreneurs can also create considerable social benefits, especially when they push the frontier of developing markets and start delivering critical goods and services to poor and marginalized populations. Social entrepreneurs have the potential to effectively deliver goods and services to the poorest of populations.

As defined in Box 1, SEs fall somewhere between the traditionally recognized public and private sectors because they deliver social value using business principles. Because of their strong presence and understanding of the local communities they serve, social entrepreneurs often innovate and iterate to develop a business model that is cost-effective in low-income markets. Social entrepreneurs are active actors of formal and informal economies, and they help improve livelihoods, skills, and access to much-needed services in fragile and conflict-affected contexts.

Strengthening Social Entrepreneurship Through Development

A focus on social entrepreneurship is consistent with the objectives of the World Bank Strategy for Africa, the principles of

Maximizing Finance for Development, and the new procurement framework.[4] Local implementation capacity needs to be built among entrepreneurs, private firms, cooperatives, associations, NGOs, and other organizations identified in the 2018 DRC Systematic Country Diagnostic (World Bank 2018) as key actors for empowering vulnerable populations, restoring social capital, delivering social services, and promoting inclusive and sustainable growth. Other donors also bring funding for crowding in private investors, where viable business proposals meet social needs and limited public funds can attract private money. Prominent examples include the €4.1 billion External Investment Plan for Africa of the European Union[5]; the DFID-funded IMPACT Programme[6]; and the €1 billion Social and Inclusive Business program of the *Agence Française de Developpement* (AFD).

This report provides the first overview of opportunities for, and constraints to, social entrepreneurship in the DRC and lays out a menu of options for strengthening social entrepreneurship through development programs. This is the first effort to date to gather systematic primary data on social entrepreneurship in the DRC. Although there is much anecdotal evidence about this sector's expansion, the lack of reliable data was a handicap for engaging in policy dialogue. This report will be used to prepare World Bank strategies and operations targeting entrepreneurship, financial inclusion, and sustainable service delivery. The report also will be useful for engaging in policy dialogue with the private sector and DRC government. The report is organized as follows:

- Part 2 presents an overview of the SE sector in the DRC by discussing: (i) the definition of SEs in the DRC context; (ii) results of the SE mapping; and (iii) a preliminary ecosystem analysis, including aspects related to policy and regulation, financing, infrastructure and human capital, and information and networks. These findings are based on a desk review of recent documents available on the ecosystem (References); two rounds of phone, online, and face-to-face surveys; and a series of interviews with government officials, business enablers, SEs, beneficiaries, and focus groups that presented key findings of the ecosystem analysis to stakeholders (Appendix D).
- Part 3 presents 10 SE case studies. To facilitate comparative analysis, the case studies were prepared following a standardized approach. The case studies are based on multiple sources of information, including in-depth interviews with social entrepreneurs and beneficiaries, document analysis, and site visits (Appendix D).
- Part 4 details objectives for government support and involvement with SEs by addressing service delivery gaps, creating employment, and promoting decentralization and community-based development.
- Part 5 presents conclusions that draw from the information generated through this exercise and international experiences. The recommendations provide options for engaging social entrepreneurs in the DRC.

NOTES

1. Meeting minutes from CLUSTER Sécurité Alimentaire (Food Security) held in Kinshasa, December 4, 2019, with the Food and Agriculture Organization of the United Nations and World Food Programme. See https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/ files/documents/files/20191204_compte_rendu_cluster_fs_reunion_national_validated.pdf.
2. United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA). Retrieved from https://www.unocha.org/drc.
3. According to a 2019 Transparency Inter-national report, corruption permeates all levels of the state apparatus, involving a wide range of state officials, ranging from low-ranking civil servants to the highest members of government.
4. The World Bank Strategy for Africa focuses on four objectives: (i) increase the effectiveness of the state

at all levels and improve good governance while strengthening the development impact of World Bank operations; (ii) boost the competitiveness of the economy by accelerating private sector-led growth that will create jobs; (iii) improve social service delivery to raise human development indicators; and (iv) address the development deficits contributing to fragility and conflicts in the DRC's eastern provinces. Gender and climate change are treated as cross-cutting issues and are addressed through these four strategic objectives as relevant.

5. European Union's External Investment Plan Factsheet. See https://ec.europa.eu/commission/sites/beta-political/files/external-investment-plan-factsheet_en.pdf.
6. The U.K. Department of International Development (DFID) launched the Impact Programme in 2012. Through the program, DFID provides £157.8 million over 23 years to catalyze the market for impact investment in Sub-Saharan Africa and South Asia. See http://www.theimpactprogramme.org.uk.

II. Overview of Social Entrepreneurship in the DRC

How Social Enterprises Provide Solutions to Intractable Development Problems

In terms of activities and profile in development discourse, the concept of an SE has risen in prominence in the past two decades. Although SEs have no universally accepted definition, most approaches agree on the following characteristics of an SE that allow them to serve the poor among other underserved but deserving groups.

- *Public good objective.* The most defining characteristic of SEs that sets them apart from other profit-driven enterprises is their pursuit of a social or environmental mission, which is many times the centerpiece of their business model.
- *Financial sustainability.* SEs operate on business principles, using entrepreneurial activities to generate revenue and advance their social objectives. A key factor that distinguishes SEs from purely subsidy-dependent organizations is their pursuit of a financially sustainable business model, which may or may not generate a profit over time.
- *Inclusive innovation.* SEs target unserved populations to strengthen impact. Many times, these populations are poor or otherwise marginalized. Since SEs operate in challenging, low-income markets, this often requires innovation from the status quo, in the products or services they deliver or the means in which they do so.
- *Flexible organization status.* SEs can include both for-profit and non-profit entities, such as firms, cooperatives, NGOs, community-based organizations (CBOs), productive alliances and associations, and so on, and are not limited to a specific legal structure. In many cases, SEs are classified as "hybrid" structures, combining for-profit and non-profit characteristics, and thus are difficult to capture through available data.

This report adopts the distinction that the business and social mission of an organization must be essential to the model for it to be considered an SE. There can be gray areas in the boundaries of what is "essential," but this provides a criterion for assessing an SE's core features and mapping SEs in the DRC.

Advocates of SEs often see the rationale in terms of market and government failures: doing what profit-maximizing private enterprises and governments fail to do. Individual SEs have the potential to improve the quality, affordability, flexibility, and inclusiveness of service delivery (Appendix B offers evidence on the quality and cost-efficiency of SEs). A healthy SE sector can provide an even larger range of benefits to its host country:

- *Systematically fill access gaps to essential goods and services and realize larger public benefits, such as addressing climate change.* For example, financial inclusion, solar

lighting, water purification systems, low-cost schools, mobile hospitals, and waste collection and management.

- *Improve the quality and equity of employment opportunities.* For example, mobilizing young entrepreneurs to solve social challenges and creating flexible jobs for disadvantaged populations, such as single mothers and people with disabilities.
- *Increase social cohesion and economic benefits.* For example, through value chain integration, extension services, community-based development models, engagement of local populations in the design and delivery of innovative solutions adapted to the local context, and empowerment of social entrepreneurs locally.

However, while effective in reaching the poor and the other underserved segments of the population, SEs face significant obstacles in growing their activities to a scale where they can substantially contribute to the achievement of the SDGs. Although many SEs achieve impressive results (Box 2), many also struggle to scale up and develop sustainable models. The hybrid nature of SEs may lead them to be more severely impacted by business environment constraints and may subject them to difficulties not faced by mainstream enterprises (Smith and Darko 2014), including severe capital constraints, volatile markets, legal and regulatory barriers, and internal capability constraints (Appendix A).

Rationale for Engaging with the Social Enterprise Sector in the Democratic Republic of Congo Context

Sustainable improvements in service delivery in the DRC will not happen without the participation and capacity building of local actors. The retrenchment of the State, decentralization, and liberalization of some service sectors have the potential to bring development closer to people and open the door for the private sector (World Bank 2018).

Community-driven development (CDD) is not a new concept in donor-funded development projects in the DRC, but so far systematic results have not been achieved because infrastructure development was prioritized over local capacity building. Operations could not be sustained over time once the donor financing had been exhausted. For instance, projects that aim to develop basic service delivery units, such as schools and clinics, are not based on sustainable business models powered by local entrepreneurs and rarely

BOX 2. Example of a Successful Social Enterprise: Aarong in Bangladesh

The Bangladesh Rural Action Committee (BRAC) established Aarong in 1978 to provide market opportunities for disadvantaged artisans, focusing on rural women. Aarong simultaneously supports 65,000 artisans with design services, entrepreneurship programs, microfinance, and inputs, and then connects them to local and global value chains through its own retail stores and a network of international buyers. In 2015, Aarong made more than US$70 million in revenues, constituting 13 percent of BRAC's total top line earnings. Some of its profits were reinvested and partly transferred to the core BRAC NGO to contribute to social activity. Aarong embodies a successful SE. Aarong's commitment to social goals differentiates it from a pure for-profit private enterprise. But the nature of the services Aarong provides distinguishes the organization from charities, given its business practices—both for the requirements of the artisans and its own business practices.

include organizational and financial management training for administrators. Community stakeholders report that although they are consulted during the design and building phase, they are not provided with the tools to then continue managing these units.

Public procurement frameworks in principle have the ability to accommodate collaboration with local organizations, but in practice they are rarely engaged in large-scale delivery because of supply-and-demand constraints. On the one hand, the supply of private sector actors that have the capacity to respond to large public sector contracts is limited. This may well be the case for many SEs. On the other hand, institutional inertia, preservation of institutional prerogatives, risk aversion, limited capacity, and governance constraints, including opportunities for corruption, deter the public sector from outsourcing and contracting private providers. This may especially be the case for well-established state-owned enterprises mandated to deliver these services. And even if they did outsource, SEs may not be high on the list of potential contractors.

The private sector's emergence in providing goods and services is constrained by the difficult country context. Although many opportunities exist for service provision through concessions, public-private partnerships (PPP), and other private sector initiatives, market-based solutions are rare and relatively small in scale:

Health sector. The World Bank assessment finds that the private sector has increased its importance since the 2000s to fill gaps that emerged in the public health sector as a result of political and civil destabilization (Brunner and others 2018). Although the true extent of private provision is unknown, available data indicate that the private sector accounted for 46 percent of the DRC's 469 hospital structures in 2017. However, public-private engagement for health remains nascent, with the notable exception of faith-based organizations (FBOs) that manage or co-manage approximately 40 percent of health zones and 50 percent of all facilities jointly with the national Ministry of Health. Efforts by the central level to improve engagement are slow since the government simultaneously seeks to decentralize the health system to provincial and lower levels of government. Overlapping areas of responsibility between these levels, combined with financial and human resource deficits, as well as limited data about who and where the private sector is, have further slowed efforts to engage and regulate the private sector. The private health sector faces numerous constraints related to the availability of commodities, shortages of adequately trained staff, and financial affordability of private health care. Furthermore, continued political uncertainty has deterred increased private investment in the health system. Despite these obstacles, the DRC's government and donors have numerous opportunities to leverage private actors and improve health outcomes.

Energy sector. A World Bank report on access to energy in the DRC examines opportunities and constraints for private sector provision (World Bank 2020). The report identifies promising examples in isolated grids and off-grid solar solutions. Isolated grids include the Virunga SARL serving 5,520 customers, Electricite Du Congo supplying electricity to 400 clients in the city of Tshikapa, and the PPP Energie du Nord Kivu serving 1,500 residential customers. A few local and international companies entered the DRC market with solar products and ambitious plans to electrify more than 10 million households by 2025. The report concludes that the well-distributed potential of both hydro and solar resources remains mainly untapped, and that the power sector development must focus on solutions adapted to the risky DRC environment.

Education sector. The private investment opportunity in the education sector in the DRC is estimated at US$1–1.5 billion (Caerus Capital report). Although the State policy for free primary education is in place, a market already exists for private education in large cities. There is an acceptance and willingness to pay for all levels of private education—while the capacity of some to pay may be low, parents seek alternatives since free public education offers poor quality. Opportunities for the private sector in urban areas are driven by the high number of students and increasing affordability. Especially in Kinshasa, there is potential for consolidation given market fragmentation, the concentration of affluence, and population density to support catchment-based K–12 models.[1] Private sector penetration in mid-priced and premium K–12 is estimated at 25 percent, implying room for growth and an untapped market opportunity.

Urban sector. The World Bank's Urbanization Review of Productive and Inclusive Cities in the DRC (2017b) identifies waste and sanitation as two areas where the private sector and informal entrepreneurs are active. These opportunities are discussed further in the report and highlighted in the case studies.

Agriculture sector: Although agriculture is one of the DRC's key economic sectors, service delivery to farmers is limited. According to the World Bank's agriculture sector review, the DRC does not have a coherent public-private national system and the supply of basic agricultural services, such as extension, veterinary, and pest management, remains inadequate (World Bank 2017a). The extension systems that are driven by donor funding tend to collapse after project completion: many ad hoc projects supported by donors and NGOs took place, but without sustained funding and private sector participation. Similarly, with training, most activities are done in an ad hoc, small, uncoordinated, and unsustainable way within NGOs and CBOs with links to their international counterparts. The cadre of government extension agents is often not included and rarely receive regular skills updating. More regular, coordinated, and sustainable provision of training and learning opportunities, including strengthening the DRC's agricultural education system, is needed.

Despite high poverty levels, the DRC market for private service provision attracts the attention of entrepreneurs and investors. Because of persistent failures in public service provision, a large local market exists for low-cost service provision. People are willing to pay for quality and predictable services even in the most difficult-to-reach, unstable, and underserved areas (Roberts and Vemuru 2018). There is little competition for the service delivery market, customers recognize quality services, and there is a large untapped demand. Finally, the shift of labor out of agriculture and into services is the most distinctive feature of the private sector's structural transformation. This shift expanded the availability of labor for new service providers.

In this context, the global trend toward engaging private sector enterprises that operate on business principles to achieve social impact is promising for the DRC. If SEs can combine the intent of achieving the public good with the business effectiveness and creativity of private enterprise, there is potential for achieving the best of both worlds. SEs can also pave the way for traditional private enterprises in the long term by activating last-mile markets. However, to become operational, SEs need the ability to solve market failures. The weak business environment is not conducive to the development of entrepreneurship, and it is even more difficult for social businesses given that access to finance in the DRC is one of the lowest in Sub-Saharan Africa. Moreover,

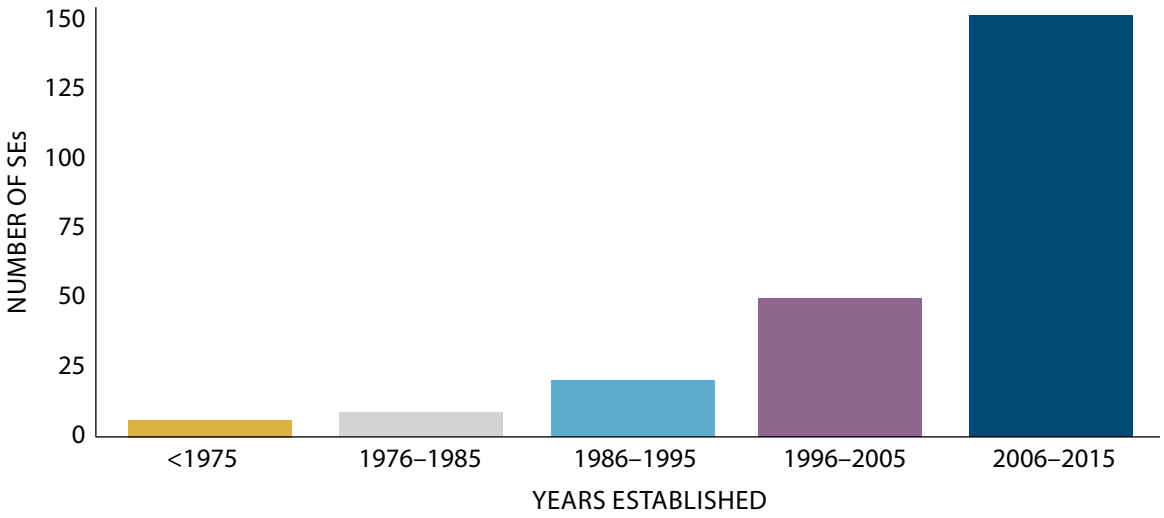
firms in the DRC are often plagued by informality, weak capabilities, and slow or stagnated growth.

Adapting Lessons from Global Experience in Fragile, Conflict, and Violent Contexts

Despite challenges, the number of SEs providing services and products in a socially impactful way has grown rapidly across the world and is reaching sizable populations. In the United Kingdom, government statistics identify approximately 100,000 SEs contributing US$75 billion to the economy and employing nearly 1 million people (SEUK 2018). In India, a 2016 World Bank survey of selected 359 SEs found that they serve more than 330 million poor beneficiaries annually and are more likely to be led by women or youth. The British Council estimates there are more than 2 million SEs in India (British Council 2016). Data from various countries suggest that consumers often exhibit relatively high degrees of trust in these services and have relatively high perceptions of their quality (Kannan 2013; Wodon 2013). Emerging evidence indicates that SEs may also have advantages in terms of quality, affordability, and equity (OECD 2014). Finally, SEs bring dynamism to local economies by developing new products and services, taking risks that traditional public and private service providers are unable to take, and creating local capacity (Elson and others 2016). Considering this, many governments have taken the opportunity to recognize and support SEs as partners in a shared mission to improve service delivery (Triponel and Agapitova 2017).

Although Africa is a relative latecomer to social entrepreneurship, the expansion of SEs across the continent has been impressive in the last decade. The 2016 survey of a sample of 234 successful social entrepreneurs in East and Southern Africa demonstrated considerable sectoral growth since 2006 (Figure 1). South Africa, Kenya, Ghana, and Nigeria have become hubs for SEs that are active across all service delivery areas and many are reaching impressive scale (Box 3). Assessments of SE ecosystems have showed that SEs improved access to education, clean water, and energy for millions of Africans, including in the most fragile areas (Navarrete and Agapitova 2017; British Council 2015 and 2017).

FIGURE 1. Social Enterprise Sector Dynamics in Africa



Source: Navarrete and Agapitova 2017; survey of 234 SEs in seven African countries.

BOX 3. Examples of African Social Enterprises that Scaled

Among the 234 SEs interviewed during the ecosystem study in Africa (Navarrete and Agapitova 2017), more than half reach 10,000 or more beneficiaries annually. Many of these SEs started their activities in more stable economies, such as Kenya or South Africa, and then replicated their models across the continent, including fragile states. Prominent examples of SEs that reached scale through organizational growth, replication, PPPs, or franchising include:

- *Agriculture:* Esoko provides digital data solutions to more than 1 million farmers annually in 16 African countries. Esoko has a franchise model and PPP with governments in Africa.
- *Health:* mPharma provided 400,000 persons with affordable high-quality medicines and now helps to combat the COVID-19 pandemic in Ghana.
- *Energy:* Solar Sisters served 1.5 million poor across Africa with solar energy and clean cookstoves and kickstarted more than 4,000 clean energy women entrepreneurs through microfranchising.
- *Water:* Jibu Water has a franchise model that enables entrepreneurs in eight African countries, including the DRC, to provide more than 154 million liters of clean, affordable water to the poor.
- *Education:* Bridge International Academies runs or supports more than 2,000 schools and has educated more than 1 million children in the last decade in Kenya, Liberia, Nigeria, and Uganda.

Countries facing fragile circumstances, conflicts, and violence (FCVs) present a challenging environment, but the need for social entrepreneurship solutions is all that greater in these contexts (USIP 2019). Without easy access to basic goods and services to start with, and because of the disruptions in supply chains and networks, the poor in FCVs spend more on water, energy, and health care, resulting in less income for productive means and slower, if any, advancement out of poverty. The persistent government and market failures, exacerbated by the continuing conflicts, create space for alternative solutions, but they can only be effective if supply and demand factors align in the four A's of service delivery (Box 4).

Although the SE sector is expanding in Kenya, Nigeria, Ethiopia, and South Africa, the progress is uneven across the continent and FCVs lag behind. In East Africa, the majority of SEs are located in Kenya (50 percent of Intellecap's database), followed by Uganda (27 percent) (Intellecap 2016). Conflict-ridden African nations are perceived as risky for business but FCVs can be an untapped opportunity for SEs that are flexible and think out-of-the-box. Not only are there fewer SEs in FCVs but, like other traditional enterprises, they are also smaller and grow at a slower pace than SEs in a more enabling context. Evidence suggests that social entrepreneurs in FCVs often start small, which allows new solutions to gain traction, build capacity, and better understand what works (Cooke and Downie 2015). Both social entrepreneurs and impact investors have started exploring FCV opportunities to run profitable businesses that also improve the lives of the needy. For example, the Africa Enterprise Challenge Fund (AECF) mobilized almost US$1 billion in capital and matching capital to support 268 SEs in 26 African countries, including FCVs, such as the DRC and Somalia.

International experience demonstrates that development projects could provide a window of opportunity for SEs to enter fragile and low-income markets. Governments can play a critical and continued role in market-shaping, supporting, and in some cases, a regulation on

BOX 4. Four A's Model of Service Delivery

The four A's model of service delivery reflects the principles of social marketing. On the supply side, availability and affordability (that is, the existence of quality providers and price of essential goods or services) are naturally key factors. At the same time, for creating inclusive markets, demand from beneficiaries is equally important: awareness of consumers about the value of services and the acceptance of paying for them. Successful SE delivery models usually address both the demand and supply constraints, which makes them effective in FCVs. Anti-mosquito bed nets are a classic example of aligning the four A's for a sustainable business model:

- *Awareness:* Beneficiaries will only use the bed nets if they understand that mosquitoes cause malaria and bed nets will help them not get sick. The awareness of a problem and need of a solution is essential for creating a market.
- *Acceptance:* Sustainable business models rely on revenue streams independent from subsidies, which means that there is a customer who will accept paying for the services or goods received. In the FCV context, where the acceptance of certain services is low and the public benefit is high (for example, vaccination), the paying customer might differ from the end beneficiary justifying the public subsidy. In the early stages of the anti-malaria campaign in Tanzania, donors or governments paid for bed nets provision. Now, market studies show that the mean willingness-to-pay by poor households is at US$1.10 and most of the bed nets are supplied by private providers.
- *Availability:* Even with awareness and willingness, consumers can only buy mosquito nets if they are readily available to them. By working closely with their clients, SEs can deliver quality products and services where their clients are located, including rural communities and conflict-affected areas. SEs can be responsive to their clients.
- *Affordability:* SEs must price products at a rate that is affordable but financially sustainable. Making a product affordable to target clients goes beyond the price point—strategies to consider include providing payment options and bundling products to reduce distribution costs. It may well be that the product or service being provided may not be the same for customers who have the means and willingness to pay more as compared to those with less capacity to pay. But they need to be offered the quality and level of service that they can afford. As noted above, in the case of vaccinations, where public interest is critical, public subsidies can be justified.

SEs (Agapitova and others 2017). Governments in FCVs can use SEs to contract service provision during reconstruction; this approach has proven successful in improving the capacity of the health sector in Haiti (Pavanello and Darcy 2008) and Afghanistan (Newbrander 2007). Pay-for-performance (P4P) approaches have also shown advantages in FCVs, including improving government leadership, strengthening institution building, reinforcing existing services, and introducing tools for accountability (Pavanello and Darcy 2008). Donors can also play a role in sharing international lessons of experience, providing a safe space for collaboration between social entrepreneurs and the public sector, helping reduce market and institutional barriers to social entrepreneurship, and using donor funding for creating local markets for service delivery through support for social procurement and franchising.

The World Bank is also looking at deploying SEs to help address key development needs in fragile countries. In Liberia, where the

SE sector is nascent, the World Bank undertook a call for proposal for SEs interested in expanding into the Liberian market. Almost 200 SEs applied across the sectors—such as waste recycling, off-grid energy, water, and agriculture. These 200 were narrowed down to the most promising 20 that matched the needs of the country and had the highest feasibility for success. Preference was also given to SEs with a franchise-type model, which would encourage local ownership and provide managerial capacity building. In addition to facilitative support for these SEs to replicate (including space and tax-free imports of capital goods for social benefits, such as water filtration units), a financial support package is under consideration. A likely means will be results-based financing, which ensures that disbursements of funds will be tied to results achieved and removes any optics of public money going directly to private enterprises.

The following sections present an assessment of the current size and scale of the SE sector in the DRC. It serves as a baseline to help the government, World Bank, and other actors understand opportunities and constraints and identify possible interventions to support the sector's growth and mobilize social entrepreneurs in the design and delivery of development programs.

Methodology for Analysis of the Social Enterprise Sector

This report is part of World Bank Group operational engagement in the DRC and broader engagement with the SE sector globally. It is based on methodologies used by the World Bank Group to collect data on social entrepreneurship in 21 countries across Africa, Europe and Central Asia, Latin America and the Caribbean, the Middle East and North Africa, and South Asia. The data collection leverages existing data that were collected during the preparation of the SME Growth and Development project in the DRC[2] and studies that were conducted by sectoral teams for the agriculture, mining, governance, health, energy, water, supply, and sanitation (WASH), and education sectors.

The research for this report was conducted in three phases: literature review, primary data collection on SEs and analytics, and consultations with local stakeholders to validate findings and develop options for future consideration. The assessment was based on a multi-dimensional approach that used primary and secondary sources of data collection techniques to capture detailed insights across the phases of data collection and ecosystem analysis on SEs in the DRC.

Phases of the Social Enterprise Sector Assessment

This report uses a definition of SEs that encompasses various legal forms of SEs. This definition reflects the international body of knowledge on SEs (OECD 2013; Triponel and Agapitova 2017; Esela Legal Concept Maps), the DRC legislation, discussions with the government, and dialogue with donors. In the absence of a commonly agreed legal or operational definition of SEs in the DRC, we used the broadest definition that includes all enterprises formally registered, or not, that:

- Have a clear social or environmental objective that benefits the poor and/or disadvantaged people.
- Directly engage in the production and/or sale of goods and services and have paying customers.
- Maximize social and/or environmental benefits, are willing to accept below-the-market return on investment, and limit or do not redistribute profits.
- Seek financial viability but are exposed to competition and economic risks.
- Employ paid workers (may combine voluntary and paid workers). For cooperatives,

TABLE 1. Legal Forms of Social Enterprises in the Democratic Republic of Congo by Type

Type of SE	*Organizational legal forms in the DRC*
Non-profit organizations	Associations sans but lucratif (A.S.B.L.)
For-profit companies	Etablissement, Société par actions simplifiées (S.A.S.), Société à responsabilité limitée (S.A.R.L.), Société anonyme (S.A.)
Hybrid organizations	Organisation non gouvernementale de développement (O.N.G.D.), Coopérative, Groupement d'intérêt économique

members of the cooperatives count as volunteers when they contribute their labor to the benefit of the cooperative.

- Do not depend in the long run on government subsidies.

Table 1 lists the legal forms used by SEs included in the analysis.

The assessment was conducted in three phases:

(1) Primary data collection based on the consolidation of existing data on SEs in the DRC, an online survey to develop a mapping with basic data on the SE sector, and surveys to gather detailed information on the organizational parameters and performance of SEs. The survey was conducted through phone, online outreach, and face-to-face methods. The methodology was designed based on existing World Bank tools adapted following consultations with local actors of the entrepreneurship ecosystem in the DRC.

(2) Validation of data and analysis with stakeholders that relied on consultations and focus groups with social entrepreneurs, government officials, and relevant organizations in five cities (Goma, Kinshasa, Lubumbashi, Mbuji-Mayi, and Kananga).

(3) Benchmarking and identification of policy options that compared the analysis of the status of the SE sector in the DRC with the SE ecosystem diagnostic in East and Southern Africa. Policy options were developed based on international good practices in government support to the SE sector.

Analytical Methods

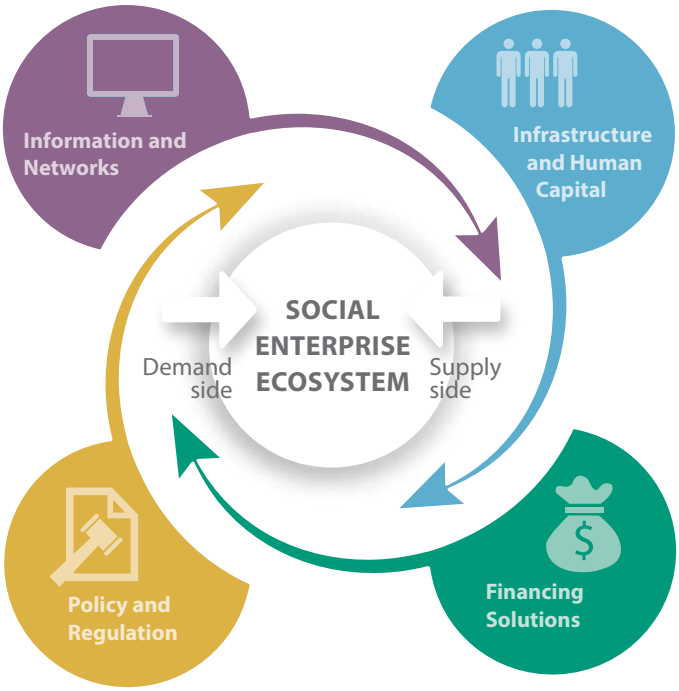
The study employed a mix of proven analytical models for ecosystem diagnostics, as well as project and business model design informed by stakeholder consultations and workshops that created opportunity for the co-design of development solutions. The data collection included all forms of SEs providing basic services to the poor. Information on SE activities and performance was analyzed to understand the low-income market for essential services and goods in the DRC, supply and demand factors, and the comparative advantages of SEs for effectively addressing the market gaps for disadvantaged populations.

Data collection through survey and focus groups followed a market-based approach that simultaneously analyzed the demand for, and supply of, SE solutions within the overall SE ecosystem (Figure 2).

Creating markets for essential goods and services

Reaching and serving marginalized populations can be challenging, and the barriers at entry into new low-income markets are often high. The survey helped to identify barriers to entry for SEs (creation of new SEs or replication of existing models in the DRC context) and key markets that they target (public or private). To understand the barriers and possible solutions from the perspective of SE customers, focus groups and informant interviews were held with the market's players—government and donors for public markets, private corporations

FIGURE 2. Framework for Analysis of the Social Enterprise Ecosystem



Source: World Bank 2016.

and business associations for business-to-business (B2B) markets, and beneficiaries of SE services for business-to-consumer (B2C) markets.

Stimulating supply for social enterprise goods and services

The survey examined the SEs' incentives to invest and grow the supply of innovative solutions to social and environmental problems. The survey was designed to identify barriers to SE activities, including internal barriers related to SE organizational capabilities, such as clarity of mission, ownership, growth dynamics, achievement of results, job creation, labor skills, and partnerships.

In addition to the supply and demand factors, the report considered the four ecosystem dimensions that influence the ability of SEs to operate effectively and scale up. The combined method helped to understand opportunities and constraints at the SE level (organizational capabilities) and the ecosystem level. The ecosystem-level analysis was structured around the following parameters:

- *Policy and regulation.* What are the main policy drivers or barriers for SEs? Includes policy strategy, regulation, and the level of public-private collaboration.
- *Financing.* What are the sources of funding for SEs as well as for their clients? Includes commercial funding, savings, equity, consumer finance, and grant funding.
- *Infrastructure and human capital.* What are important infrastructure issues that affect the operations of SEs? What is the skill level available for SEs? Is the sector able to attract relevant talent?
- *Information and networks.* What organizations, incubators, networks, training, and so on are available to build awareness, knowledge, and capacity among SEs or advocate for SEs' needs?

Data Collection Methods

Multiple approaches to data collection and triangulation were used to ensure the validity, robustness, and replicability of analysis. These approaches included field visits, focus groups, frequent data quality checks, and data source triangulation. These approaches enabled the team to converge upon evidence-based inferences that posit useful answers to this project's critical questions. Various sources of qualitative data helped to gather a variety of opinions and progressively refine the hypothesis.

A review of secondary data from publicly available resources and World Bank Group and partner databases was used to construct the reference dataset of SEs active in the country. The review was non-exhaustive, but it covered a variety of SEs in terms of sectoral spread and representativeness across different organizational forms. The review covered each province in the DRC, and particular effort was dedicated to key poverty areas (Kasai, Kinshasa, and the Lake region). There were three stages

BOX 5. Key Sources of Data for Social Enterprise Mapping in the Democratic Republic of Congo

The initial reference dataset was compiled through a review of available public sources. The sources included projects of multinational development agencies, Congolese Business Federation directories, and donor databases, including information from competitions and challenges for social entrepreneurs:

- 3,114 SEs identified from local partners directories and public databases
- 406 SEs identified from various World Bank sources
- 965 SEs recommended by other SEs interviewed, suggesting strong links within the sector
- 85 CBOs references obtained from the database of the Eastern Congo Initiative
- Duplicate records were consolidated, resulting in a final database of 4,485 SEs

A dedicated online platform was created to verify the initial dataset and gather basic information for the SE mapping. The platform was advertised through direct contact with SEs in the initial database, social media outreach, and self-registration on the web platform. The SEs in the reference dataset were requested to provide basic information about their business and activities. The survey was also sent by email or administrated over the phone to SEs from the reference database with up-to-date contact information.

The SE mapping is composed of the 622 SEs that submitted complete responses to the online survey, which represents a 14 percent response rate of the original dataset. The information collected was recorded in an Excel database that contains basic information, including company name, origin, owner's profile, creation date, sectors, legal form, business model, formality, headquarters location, and geographical spread of operations (Appendix C). This database will be publicly available through the website of the World Bank SME Growth and Development project and could be used by the government, academia, think tanks, donors, and investors for analysis and research purposes.

in the data collection process. Step one (review of publicly available data from World Bank sources and consultations) and step two resulted in a reference database of 4,485 SEs that was used as a basis for future attempts to list, classify, and analyze SEs in the DRC. Step three consisted of an in-depth survey.

Information from the reference dataset was supplemented by data collected through an online mapping survey that was advertised through social media outreach. The mapping survey questions were answered by 622 SEs (approximately 14 percent of the database). This figure implies the existence of a significant SE sector in the DRC as well as strong links within the sector, since the 622 SEs were able to recommend 965 SEs, which contributed to the reference database total of 4,485. Box 5 describes the methodology for data surfacing and the resulting SE mapping. The detailed mapping survey questions and database can be found in Appendix C.

Findings from the mapping phase were furthered by in-depth surveys of 198 randomly selected SEs out of the 622 that completed the initial survey. The selection conforms to provincial and sectoral representativeness. Appendix E shows the distribution of the sample of SEs by province and sector. The in-depth survey questions also allowed the collection of additional information on the scope of business, viability, challenges, opportunities, and partnerships. The structured interviews were conducted by phone, online, or face-to-face.

Case studies were conducted to better understand the nature of Congolese SEs, their motivations, foundations of their business models, performance drivers, and constraints to growth. Ten case studies of established and well-performing SEs were selected across various sectors and regions and are presented in this report. To facilitate comparative analysis, the case studies were prepared following a standardized approach. They are based on multiple sources of information, including in-depth interviews with social entrepreneurs and beneficiaries, document analysis, and site visits. The case studies represent various aspects of SE activities, including the type of solution provided.

Interviews with ecosystem stakeholders were conducted. Because of the cross-cutting nature of the social entrepreneurship agenda that involves multiple branches of government and non-government players, data collection for this report includes public and private stakeholders. Initial consultations with the government (Ministry of Small- and Medium-Sized Enterprises, Ministry of Gender, Social Development Fund, Prime Minister's office), private sector (SEs, incubators, business networks, Federation of Congolese Enterprises [FEC]), and donors (AFDB, European Union, U.K. Department for International Development [DFID]) were conducted to identify the key actors involved in the SE agenda in the DRC.

Findings from the data collection were discussed with multiple stakeholders that represent a set of key actors within the SE ecosystem in the DRC. These actors represented the interconnected, interdependent players whose actions determine whether a SE will succeed. Five focus groups were conducted with SEs, the government, intermediaries and support organizations, donors, and finance institutions. Appendix D presents the focus groups' protocols and a synthesis of discussion outcomes.

State of the Social Enterprise Sector in the Democratic Republic of Congo

Although the DRC is a relative latecomer to social entrepreneurship, the sector is growing and receiving increased recognition from customers, donors, and the government. Equally important has been the remarkable re-emergence of grassroots SEs as an integral part of a Congolese bottom-up phenomenon, and the rapid rise of new information and communication technology (ICT) in certain areas of service delivery.

However, progress for social entrepreneurship in the DRC has been uneven across sectors and geographies. Urban areas, where the business environment is relatively less constrained, have a higher level of entrepreneurial activity, including social entrepreneurs. Mapping showed limited SE coverage in remote rural areas, especially in provinces where there is no donor engagement and a limited corporate presence. This result could be partly explained by information gaps regarding grassroots organizations and CBOs, which are rarely formally registered, and the overall lack of data on entrepreneurship in rural communities. Also, the share of cooperatives among Congolese SEs is probably higher than shown in the mapping and reflected in the quantitative survey results. To make sure that this report's findings reflect SEs in the form of cooperatives, CBOs, and other grassroots organizations, relevant information and findings from the literature review and interviews were incorporated in the conclusions.

Characteristics of Social Entrepreneurship in the Democratic Republic of Congo

There is no dataset on SEs in the DRC, so an original reference database was created to map organizations that qualified as SEs. The initial

lack of data was not surprising because there is no legal or working definition of SEs adopted in the DRC, and data on the private sector are lacking. The data collection effort adopted a two-pronged approach to identifying SEs. First, we reviewed the available public sources on SEs, NGOs, associations, FBOs, cooperatives, and private businesses that provide essential goods or services to the poor to identify organizations that satisfied the SE criteria established in the methodology. Additionally, we established an online platform for the SEs to self-register and self-verify existing data. To promote SE registration, we used social media, such as Facebook, Twitter, and World Bank Group project websites, and outreach through donors, business associations, and networks. The database records were consolidated to remove duplicate records, and the resulting database of 4,485 SEs was used as a reference database for the primary data collection.

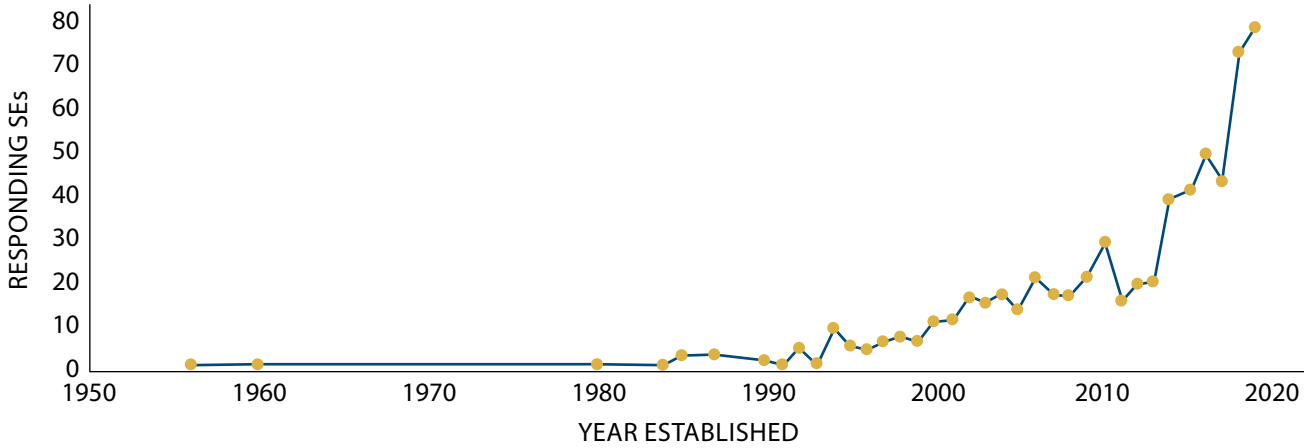
The SE mapping is non-exhaustive and does not represent the SE population across the country, nor all challenges faced by SEs. The data need to be analyzed carefully to account for biases in terms of sectoral and geographic limitations. Urban SEs and SEs that originated from donor-sponsored programs (donor-led SEs) are likely over-represented compared to the national average because of the sources that were used to construct the reference database and the use of social media for outreach and the online registration platform. As noted earlier, it is likely that cooperatives, CBOs, and grassroots organizations are underrepresented.

The analysis presents the main findings of the data collection, from the phase one SE mapping and phase two in-depth surveys. The two datasets were analyzed to identify SE sector trends, including growth patterns, geographic and sectoral distribution, organizational characteristics and performance, sources of funding, and relationships with the government and donors.

The social enterprise sector exhibits positive dynamics

The mapping data support the conclusion of a literature review about positive trends in the growth of the SE sector in the DRC. The SE sector is relatively young (Figure 3) and there seems to be a high degree of churn. The data collection did not provide data on exits and survival rates of SEs, so we cannot conclude whether the trend in Figure 3 indicates positive dynamics or a high degree of churn. The

FIGURE 3. Increasing Presence of Social Enterprises in the Democratic Republic of Congo



Source: SE mapping in the DRC, N=622, founding year.

survey captured only once the active SEs and the age analysis reflects the age of respondent SEs that currently operate in the DRC, with a preponderance of those that are relatively young. Very few SEs that are active in the DRC today existed before 2005 (9 percent); half of the responding SEs (50 percent) were established after 2014, and therefore are 5 years old or younger.

However, the data indicate a continuous creation of SEs in the country: the numbers are steadily growing, and the economic crisis and political transition only had a temporary negative effect on SE creation. The focus groups and expert interviews also conveyed a perception of positive dynamics in the SEs' entry and improved survival rates. As discussed further when considering SEs' location choices, young SEs locate their headquarters in urban locations with more dynamic markets, higher capacity to pay, higher concentration of customers, and lower costs of infrastructure. This does not, however, exclude them from targeting beneficiaries in rural areas. Overall, the pattern of responses related to the age of the enterprise did not vary significantly by sector.

The size of the SE sector in the DRC is hard to estimate. The reference database of 4,485 SEs probably captured the most sophisticated SEs because of the methods of data surfacing. Stakeholder consultations indicate thousands more grassroots SEs operate on a small scale in rural settings. The overall sector is undoubtedly growing and much of this growth is prompted by internal demand and powered by local entrepreneurs.

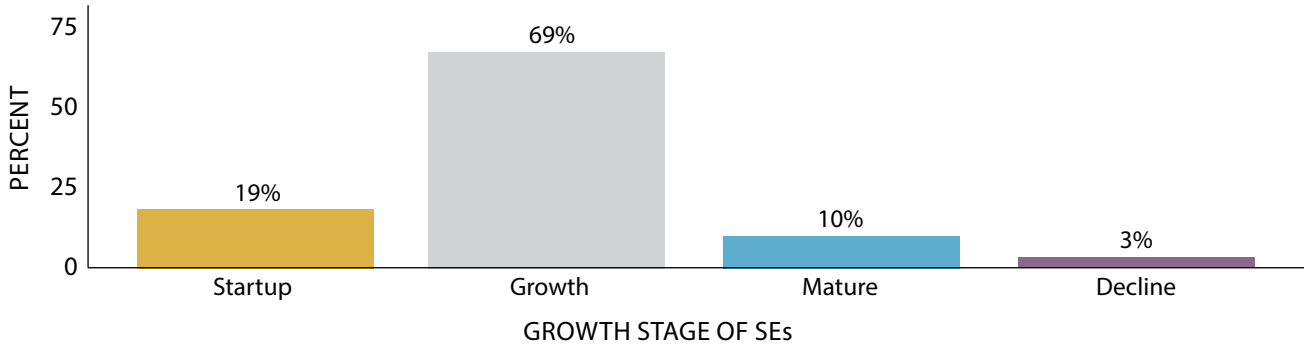
Technology-based SEs are increasingly active in the DRC's predominantly urban areas. Although the use of digital technologies is limited, digital startups are emerging across all sectors in large cities, such as Kinshasa, Lubumbashi, and Goma. Most of the digital entrepreneurs are young (18–35 years old) and the startups are small (7–15 employees on average). Examples of these SEs include:

- *Waste:* The tech startup E-Butshafu provides digital solutions to large corporations for optimizing the collection, sorting, and recycling of waste through a digital platform. E-Butshafu partners with two other SEs that produce biofuel (Malaka Bio and Wakisha) to facilitate the collection of "raw" waste.
- *Health:* AnemiApp developed a health app to facilitate the treatment of sickle cell anemia, which affects 700,000 poor in the DRC. Congo Medika is another app that provides remote consultation services and home delivery of prescribed drugs. They have a network of 60 doctors who also sensitize the population on health actions. Their model is relevant for infectious disease epidemics and the COVID-19 crisis.
- *Financial inclusion:* The FinTech startup MaishaPay drastically lowers the cost of money transfers in rural areas using SMS technology and allows customers to access their bank accounts.
- *Livelihoods:* The Congo BD digital platform allows young artists to create and distribute their cartoons and books online, for sales in Cameroon, Senegal, and France.

Most social enterprises are small and growing

Most of the SEs interviewed (69 percent) are at the growth stage of their life cycle and struggle to reach maturity. As shown in Figure 4, startups represent 19 percent of the SE sample based on the interviews (38 out of 198 interviewed SEs), with mature SEs making up 10 percent of the sample (19 out of 198 SEs). These indicators are consistent with findings that the SE sector is in the early stages of development. There is little sectoral variation on maturity, and most sectors exhibit similar

FIGURE 4. Growth Stages of the Social Enterprises Sector in the Democratic Republic of Congo



Source: SE Mapping in the DRC, N=198, growth stage.

patterns, except for the education sector that has the largest proportion of mature SEs (by percent of the SE respondents). These numbers roughly correspond to patterns of SE growth cycles in other developing countries with emerging SE sectors. For example, SEs in India have a similar growth cycle pattern (Agapitova and others 2016). This growth pattern indicates that SEs in the DRC struggle to reach maturity.

Many SEs report ambition for growth in the next five years, but fewer have concrete growth plans for 2020. SEs have an optimistic outlook for 2020: 85 percent expect that their profits will increase and only 7 percent believe that they will decrease. The main growth plans for SEs are to: develop new products and services (82 percent), hire new workers (80 percent), attract new clients (78 percent), and expand their geographic coverage (76 percent). If their growth plans succeed, the SEs estimate that they will create more than 4,000 new jobs, or equivalent to 25 jobs per SE in the next five years (Table 2). The number of planned jobs for hybrid organizations is low because this category includes cooperatives whose members are not counted as paid workers. However, cooperatives improve the quality of jobs and livelihoods for thousands of small-holders, miners, and other self-employed poor across the DRC.

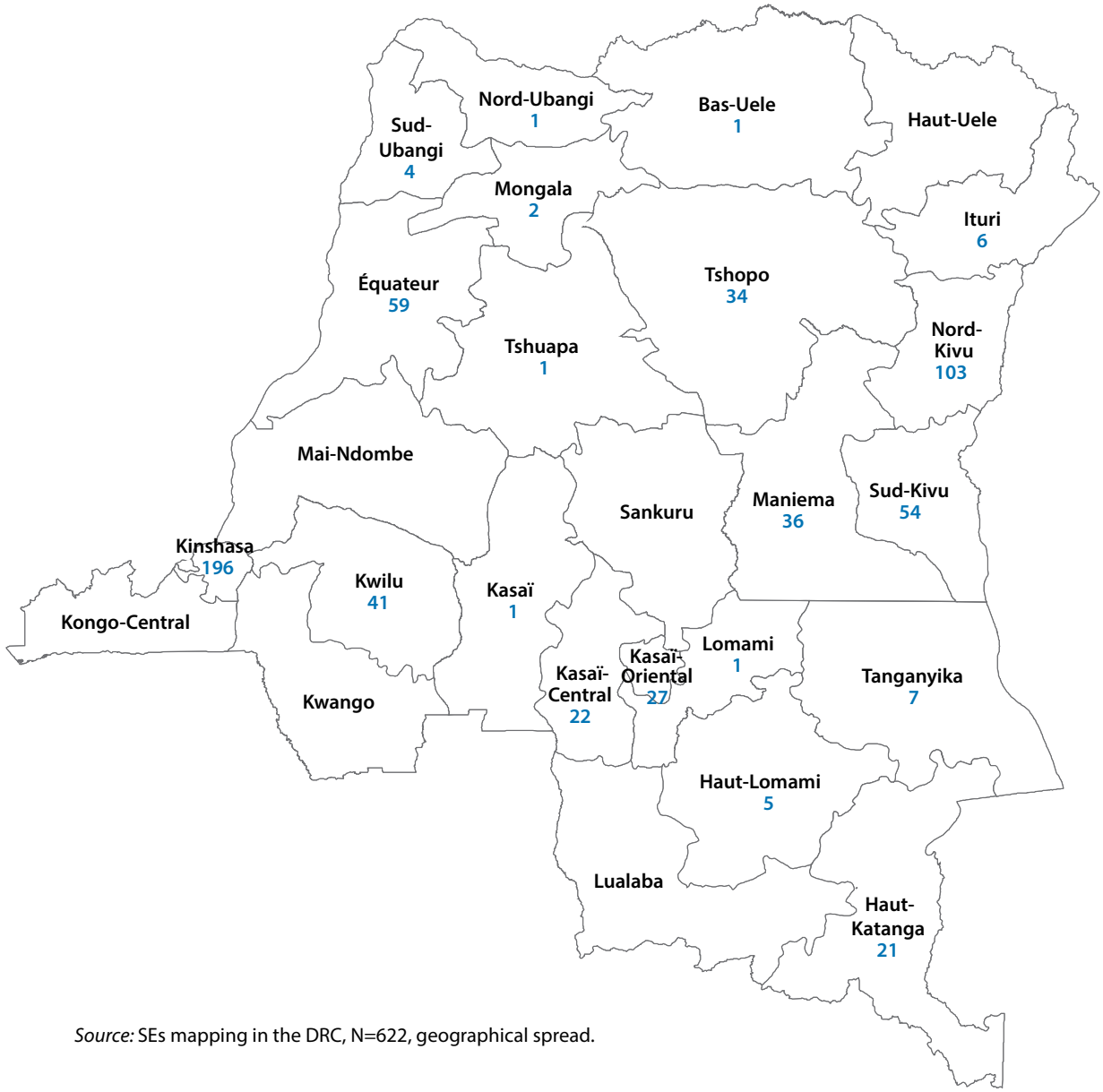
Social enterprises serve rural and urban poor but have disparities across the Democratic Republic of Congo

The mapping identified SEs in 20 out of 26 provinces and revealed strong geographical disparities (Figure 5). Half of mapped SEs are based in the DRC's two largest cities, Kinshasa (32 percent of the sample) and Goma (17 percent). Based on the 622 responses to the SE mapping, only 8 percent of the total SEs are based in the poorest provinces in the DRC (such as Kasai Central and Oriental).

TABLE 2. Ambition Plans for Job Creation by the Social Enterprise Sector

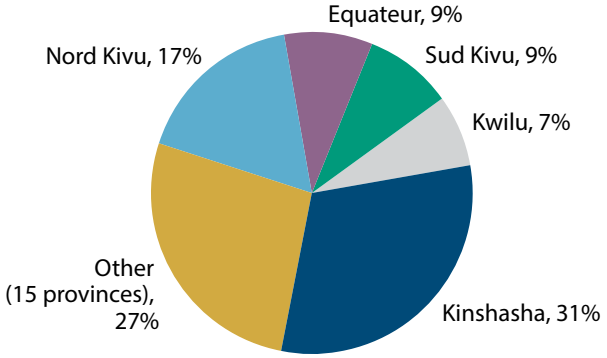
Type of organization	*SEs with growth plans for 2020, number*	*SEs that plan to create new jobs, number*	*Planned creation of new jobs, number*
Non-profit organizations	58	75	1,900
For-profit companies	33	42	1,934
Hybrid (including cooperatives)	33	43	489
TOTAL	124	160	4,036

FIGURE 5. Number of Social Enterprises per Province Based on Headquarters Location



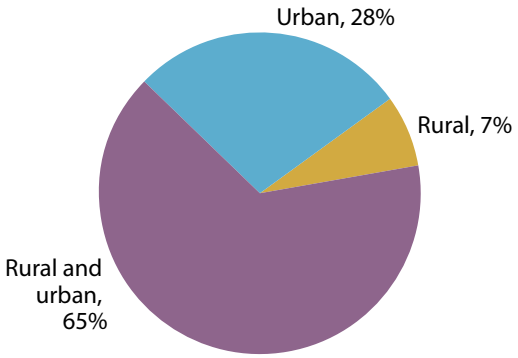
Source: SEs mapping in the DRC, N=622, geographical spread.

FIGURE 6. Urban and Rural Areas of Social Enterprise Activities



Source: SEs mapping in the DRC, N=622.

Distribution of Social Enterprises by Headquarters Location



Source: SEs survey in the DRC, N=198.

However, as further explored in the interviews of 198 SEs, these numbers might not reflect the full geographic coverage of SE operations. Most of the SEs establish their headquarters in cities with easy access to infrastructure (such as Internet, telephone, electricity, and transport) but have operations and activities in other geographies through established branches or focal points (99 percent). The majority of SEs report being active in both urban and rural areas (Figure 6).

SE are active at local, national, and international levels, but their operational reach remains limited. Although many SEs operate primarily at the local (24 percent) or provincial levels (35 percent), multiple SEs operate across the DRC (36 percent) or even across Africa and globally (5 percent). However, few reach significant scale: only one SE has more than 10 branches and only 5 have 6–10 branches. Among the remaining SEs, about 20 percent have 3–5 branches and 36 percent only have 1–2 branches.

Social enterprises are active in all sectors, and agriculture and education lead the way

The most represented sectors in SE activities in the DRC are agriculture (23 percent) and education and skills (21 percent) (Figure 7).

The SE sector in the DRC is implementing cross-sectoral solutions to development. The bulk of SEs (73 percent) operates in more than one sector: 25 percent operate in two sectors, 43 percent in three, and 4 percent in more than three sectors. There seems to be patterns in integrated solutions for the dominating sectors, which suggest that SEs operate where there is real need and understand that combining interventions in various sectors has a higher potential in successfully addressing those needs than dealing with problems one by one. Some examples of combinations of interventions in sectors:

- About 76 percent of SEs, in which the primary sector of activity is agriculture, have operations with education (26 percent), livelihood development (20 percent), and environment (18 percent). They provide various products and services in areas such as training, household support, and fostering green agriculture.
- Education is also heavily combined with agriculture (21 percent) and livelihood development (16 percent). SEs operating primarily in education are also significantly involved in the health sector to improve awareness and understanding of good health practices, improve the skills of community health workers, and so on (22 percent).

FIGURE 7. Sectoral Distribution of Social Enterprises by Primary Sector of Activities

Note: Others include hygiene and sanitation, human rights, infrastructure/construction, trade, mines, transport, consulting, and other services to companies.
Source: SE mapping in the DRC, N=622, sectors.

BOX 6. Social Enterprise Solutions that Support Conflict Resolution

The survey collected 12 responses from SEs working in conflict resolution, and they share many similarities in terms of owner's profile and engagement models. Conflict resolution SEs focus on agriculture (34 percent), education (31 percent), and livelihood development (14 percent) and provide sensitization campaigns, training, and support to address harassment and violence. The founders are usually men (75 percent). They are young (9 out of 12 are under 35 years old) and tend to employ youth, often to provide them with income and extract them from criminal activities, violent gangs, prostitution, or precarious living conditions. Employing disadvantaged youths has its challenges: they usually have little or no education and require training and quality control. Although the interviewed SEs praised the motivation of their employees and volunteers, staff turnover is usually high because these SEs are used as a step toward finding more lucrative employment opportunities.

No for-profit is involved in conflict resolution: 94 percent of organizations are non-profit and there is a small participation of hybrid organizations (6 percent). SEs in conflict resolution rely on donations (34 percent) and owner's personal funds (33 percent) as primary source of startup capital, and they encounter difficulties with financing quality equipment and materials. Operating costs are usually covered by sales, donor funding, and public subsidies, but funding remains a challenge. The quality of their partnerships helps to address the funding shortage, and the conflict resolution SEs receive continuous support and funding from other SEs, the government, religious institutions, and the Social Fund.

All the interviewed SEs remain optimistic about opportunities to scale up their engagements. Most SEs in that category have specific growth plans for 2020 (83 percent) with a focus on expanding their geographical spread, developing new products and services, and replicating their solutions. A quarter of the SEs is developing a franchise model for replication, while another quarter is planning mergers with another SE.

Source: SEs survey in the DRC, N=198; focus groups with SEs.

- A third of SEs leverage digital technology in their activities, for example, social media and personal websites. Most of the SEs (75 percent) do not have digital products or services, but they use technology to improve their operations (such as through digital marketing), reduce costs, and improve access to their services.
- SEs operating in conflict resolution combine operations in the agriculture (34 percent), education (31 percent), and livelihood development (14 percent) sectors. These SEs tend to focus on economic empowerment, reintegration of former combatants, and support to survivors of violence. They operate in high fragility rural areas where the poorest live (Box 6).

Congolese entrepreneurs power the social enterprise sector

Most of the SEs operating in the DRC are Congolese-owned. Only three SEs in the mapping sample are international organizations, with headquarters in China, Canada, and France. Local SEs dominate the sector, suggesting that the Congolese population is seeking alternative and innovative solutions to service provision for their communities. Few SEs in the DRC operate as family businesses (6 percent) in comparison with the much

BOX 7. Profile of a Woman-Owned Social Enterprise in the Democratic Republic of Congo

Women-led SEs follow the same trends as the overall SE population. Half of women-led SEs are five years old or less, and they are active in all sectors in approximately the same proportion as for the total SE population, except for health. Size and size distribution of women-led SEs are similar to men-owned SEs, which differ from the business sector, where women-led firms tend to be smaller. In terms of challenges and opportunities, women-owned SEs do not observe any gender-specific challenges, which also differs from the business community, where most women observe discriminatory practices from business partners, clients, and other stakeholders. They also report less insubordination by their employees than the business community and are positive about the commitment and motivation of their workers.

Women- and men-led SEs differ in terms of more limited use of technology, less widespread geographical reach, and more women among employees. Women-led SEs have a limited digital presence (23 percent use ICT for SE activities) and a less geographical spread than men-owned SEs (41 percent of women-led SEs and 52 percent of men-led SEs have branches outside of their headquarters). Women-led SEs do promote gender participation: 62 percent have a majority of women in management, and 65 percent have a majority of women employees, compared to 26 percent and 29 percent for men-led SEs, respectively.

Source: SE mapping in the DRC, N622; SEs survey in the DRC, N=198.

higher share of family businesses in the overall economy. This aligns with lessons learned from consultations with incubators and SEs in Kinshasa. Many family members do not see SEs as profitable and tend to discourage younger family members from starting a business, and even more, from starting a social mission-oriented business. This suggests that current SEs owners in the DRC are truly motivated about making a difference and pursue this goal despite social attitudes.

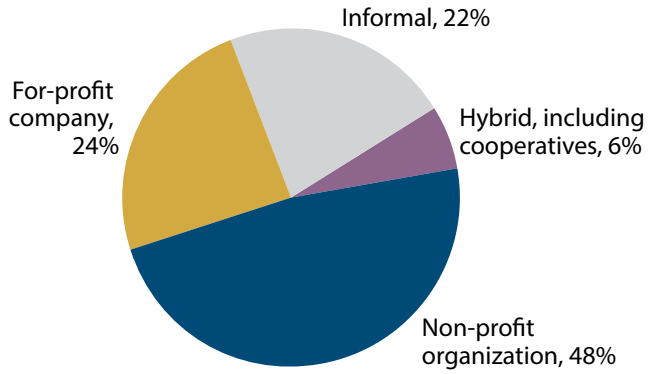
Unlike other developing countries, the DRC has little presence of international SEs. Renowned SEs, such as e-Soko (digital platform that connects farmers to markets), Bridge Academies (low-cost chain schools) and Living Goods (low-cost drug procurement and distribution) are active across Africa, servicing more than 1 million beneficiaries each, but there are few examples of replicating these solutions in the DRC. Interviews with international SEs indicate most of them plan or at least considered an expansion to the DRC at some point, but the market entry cost and risks were considered too high to justify investing in the DRC market. Successful examples include franchising models and replication supported by impact investors. For example, the Kenyan SE Fresco Seeds replicated its agro-dealer model in the DRC thanks to a loan from the AECF.

Congolese social entrepreneurs are young, and they are mostly men. According to the SE mapping, in 64 percent of SEs more than half of the managers are younger than 35. Women-led SEs are a minority: 23 percent of the 622 SEs are founded or managed by women. This is consistent with SME ecosystem findings on women ownership of micro, small and medium enterprises (MSMEs) in the DRC. It is approximately the same percentage across the most represented sectors, except health, where 35 percent of SEs are women-owned. This is also consistent with MSMEs ecosystem findings, which concluded that women are more active in service provision than other sectors. Box 7 presents a profile of a woman-owned SE.

Social enterprises adopt various legal forms, and they are mostly formal

The majority of SEs in the DRC are formally registered (78 percent) as non-profit organizations (48 percent), for-profit companies (24 percent), or hybrid organizations (6 percent). As in most countries where there is no dedicated legal form, SEs in the DRC have adopted various legal forms depending on the pros and cons of the country's legal requirements, their business models, partnerships, and sources of funding (Figure 8). SEs that rely on sales (for example, in agriculture, water and sanitation, and financial services) prefer to register as companies, which allows them to conduct commercial activities. Although SEs registered as companies can generate profit, it is often fully or partially reinvested in SE activities. SEs that register as non-profit often intervene in public service delivery (for example, health, education, and conflict resolution) and heavily rely on donor funding and government subsidies.

FIGURE 8. Social Enterprises in the Democratic Republic of Congo by Type of Legal Form



Source: SE mapping in the DRC, N=622.

Many SEs originated from donor-supported efforts to support CDD. Since the early 2000s, CDD approaches have been used in the DRC to strengthen local communities, empower disadvantaged populations, and contribute to conflict resolution and economic growth. As of 2019, the World Bank had financed US$550 million in CDD initiatives (Table 3), and other donors contributed as well. These efforts mostly supported CBOs registered as non-profits or cooperatives, and the SE survey

TABLE 3. Social Enterprise Support through Community-Driven Development Approaches in World Bank Operations in the Democratic Republic of Congo

Project number	*Project name*	*CDD amount in US$ million*	*Type of work*
P149049	Forest Dependent Communities Support	2.6	Technical assistance and micro-grants to CBOs and other local SEs that support sustainable forest and land management.
P159037	Agriculture Rehabilitation and Recovery	5	CDD approach for implementation of activities financed under matching grants.
P092724	Agriculture Rehabilitation and Recovery Support	49.4	Technical assistance to farmer organizations to improve the marketing of agricultural inputs and outputs and build links with private agri-businesses.
P166763	Gender-Based Violence Prevention and Response	60	Support for community-level organizations to provide multi-sectoral response services for survivors of gender-based violence.
P145196	DRC Eastern Recovery	79.1	Capacity development and financial support to strengthen CBOs' engagement.
P163962	Productive Inclusion	171.9	Cash-for-work programs and capacity development of CBOs. SEs competitively recruited to implement the works.
P168756	Multisectoral Nutrition and Health	179.6	Support for health intervention by SEs (non-state health and prevention services by NGOs and CBOs).

Source: World Bank CDD database, http://sdweb.worldbank.org/cdd/index.cfm?Page=home.

captured them as these two legal categories. Few CDD-supported organizations registered as businesses, and few programs helped develop business plans for CBOs.

The hybrid forms in the DRC include cooperatives, economic interest groups, and other organizations that focus on building a sustainable business that makes a profit while operating with a social cause that benefits its members. Cooperatives are the most common hybrid form of SEs in the DRC. Cooperatives are especially widespread and active in agriculture, and there is also significant activity in artisanal mining and savings and credit. The mapping found fewer sizable and dynamic cooperatives than expected for a country the size of the DRC. The literature also points to a relative decline of the cooperative movement (Sentime 2019). A report by the DRC Central Bank raises a concern that the country's 82 savings and credit cooperatives (known as SACCOs) "may disappear" from the DRC because their profits remain low and equity capital has deteriorated (BCC 2019).

From consultations with local stakeholders, SEs are also reticent to register as cooperatives because of the reported lack of trust from potential clients caused by occurrences of embezzlement and mismanagement of cooperatives. However, there are also success stories of fast-growing and sustainable cooperative SEs. For example, the Tumaini Coffee Cooperative in South Kivu had more than 1,000 members after three years in activity and farmers see a 30–50 percent price increase for their beans. Some of these cooperatives, such as *Solidarite Paysanne la Promotion de Actions Café et Development Integral*, known as SOPACDI, were created to resolve ethnic conflict and create employment for ex-combatants. It now has more than 5,200 members, 20 percent of whom are women, including war widows. Despite individual success stories, most cooperatives suffer from an inherent gap in marketing capacity and experience in managing the value chains. Targeted donor supported efforts to support governance, community engagement, and financial management of the cooperatives illustrate the opportunity for using cooperatives and other SEs for building local ownership and sustainability of development projects (Box 8).

Although formalization among SMEs is higher than among MSMEs, 22 percent of SEs remain informal, and this percentage is consistent across women-led and men-led SEs. Most SEs with an online presence (232 out of 282 SEs) are formal, suggesting that informal firms are less inclined to be visible, cannot afford the costs of creating an online presence, or do not have reliable access to necessary infrastructure to support online activities. Informal SEs may also choose not to have an online presence to avoid being identified by tax authorities. This hinders their visibility beyond their community or network: they are disadvantaged in terms of access to potential clients, support from donors (or investors), partnership opportunities, and impact on beneficiaries. Also, 85 percent of the non-profits are formally registered.

These figures and those related to formality suggest that SEs choose the non-profit form for the advantages it brings, especially in terms of tax exemptions. This was confirmed during the focus groups, during which the time and monetary costs of registration and taxation were deemed too high for SEs to viably conduct for-profit business.

Social enterprises focus on empowerment, jobs, peacebuilding, and service delivery

The economic empowerment of poor and disadvantaged populations is the dominant objective of SEs in the DRC. To a large extent, the SEs reported that their social mission was stated in their statutes and rules of procedures

BOX 8. Example of Using a Social Enterprise to Maintain the Results of Development Operations

The EU REDD Facility supports the local agroforestry cooperative in Maï Ndombe province to ensure the long-term sustainability of REDD+ investment in the area. In 2011–2016, the Congo Basin Forest Fund funded the Novacel South Kwamouth (NSK) REDD+ project to promote sustainable agroforestry, reduce deforestation, and strengthen the population's economic livelihoods, including social services.

At the end of the project, 10,000 hectares of customary property from four pilot villages was transferred to cooperative structure GICET Nsia Mala Mala (Groupement d'intérêt coopératif et économique du terroir Téké). GICET was created and operationalized through technical assistance from the EU REDD Facility to sustain the NSK investments, expand agroforestry activities, and provide a model for similar REDD+ investment initiatives in the future.

The GICET pioneered social entrepreneurship in the Maï Ndombe emissions reduction program. Through a participatory process, communities helped identify, map, and demarcate the savannah land. This information was used to develop a business plan for the cooperative, along with proposals on institutional arrangements. In parallel, a team of communication experts engaged with communities and local leaders to inform and consult villagers about the cooperative. Communication tools were disseminated in the community to explain the cooperative concept, including posters, radio messages, and a song composed by a local orchestra. Support was also provided to help build community structures in local development committees.

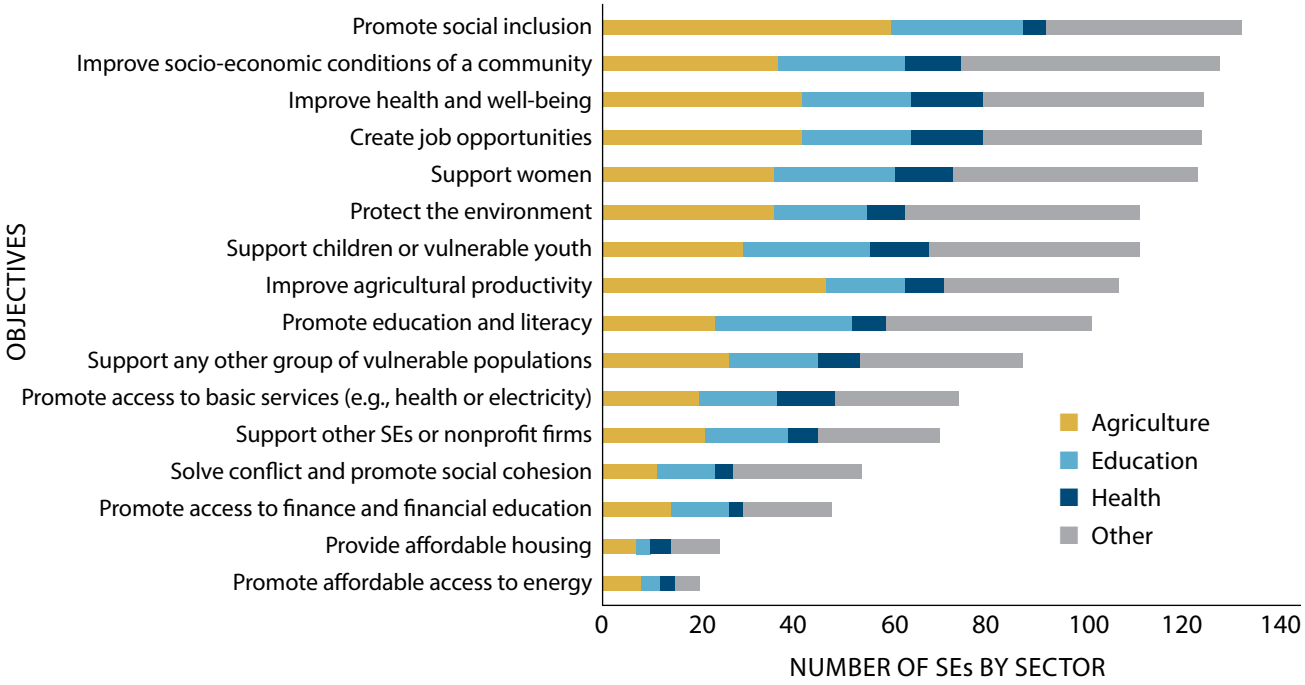
The project results demonstrate that with adequate support in terms of capacity building, initial endowments, and community engagement, the cooperative approach is viable in both a technical and socio-economic respect. The cooperative plans to reach financial viability in 2021 with farming revenues expected to increase fourfold by 2027. The model brings together sustainable agro-forestry, improved livelihood opportunities, forest protection, and community land-use rights, and can sustain REDD+ investments in the long term and decrease poverty while protecting forests. The cooperative also became a model for sustaining other REDD+ projects.

Source: EUREDD Facility 2020.

(92 percent of respondents). However, most of the mission statements were broad: over half of them simultaneously target job creation, improved service delivery, agricultural productivity, social cohesion, and women empowerment. When asked to select their main objectives, the top five options were to promote social inclusion, improve the socio-economic conditions of a community and/or a specific group of people, improve health and well-being, create job opportunities, and support women (Figure 9).

Only 44 SEs out of the 198 interviewed stated clear mission statements. Figure 10 shows the available statements analyzed and grouped into categories, with job creation (32 percent) and livelihood development (27 percent) the most mentioned. Because of poverty levels, the focus on economic empowerment aligns with the demand from beneficiaries. Service delivery to the poor is a less widespread mission statement. Focus groups and consultations indicated that SEs develop their missions and set targets based on their location and community

FIGURE 9. Social Enterprises' Main Objectives by Sector



Source: Mapping of SEs in the DRC, N=198, objectives.

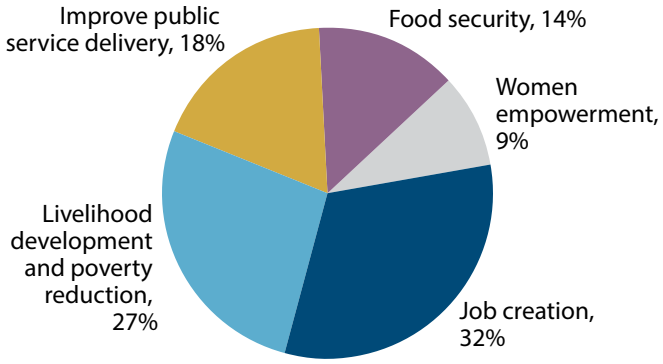
needs, for example, solutions to disability or gender-based violence. Because of their hybrid nature, many SEs struggle with clearly defining their mission. For example, a cross-subsidization model requires serving both "rich" and poor clients and may create tension over time.

Social enterprises create formal jobs, including for youth and women

Based on the number of paid workers, most SEs would correspond to the definition of micro or small firms. Only 19 percent of SEs in the sample used for this study have more than 20 full-time employees and 34 percent have fewer than 5 employees. Only 13 percent of SEs employ more than 50 people, and they are responsible for the largest share of job creation (1,002 jobs or 38 percent of the overall pool of 2,602 full-time jobs).

The SE sector, as reported in this study, is a significant source of formal jobs in the DRC. Based on the survey, formal SEs provide more than 6,000 jobs in the DRC (full- and part-time). The SE sector provides a significant number of part-time and seasonal jobs, a combined 3,411 for the interviewed sample of SEs. Most of these jobs are in the education and skills sector (32 percent) and in the agriculture sector (30 percent), which heavily relies on seasonal workers. The majority of SEs (75 percent) report that 50 percent or more of their employees are youth. In the case of SEs in the

FIGURE 10. Social Enterprises' Focus on Economic Empowerment



Source: SEs survey in the DRC, N=198.

TABLE 4. Social Enterprise Sector Workforce Composition

	Number	*Share*	*Number*	*Share*
Non-profit organizations	2,963	49%	6,397	82%
Companies	2,158	36%	152	2%
Other (including hybrid forms and cooperatives)	892	15%	1,253	16%
TOTAL	6,013	100%	7,802	100%

Source: SEs survey in the DRC, N=198.

Kasia province, for example, most SEs focus on creating job opportunities for disadvantaged youth as a primary or secondary objective.

SE employment is often combined with capacity development of the labor force: 80 percent of SEs provide training to their employees. For the majority of SEs employees, this is their first formal job. Yet, staff turnover is higher for SEs than for for-profit businesses because they have lower wages and many SEs use employment as an on-the-job training opportunity and rotate out their staff after they complete the training. The SEs' role in job creation is increasingly recognized by the government, and examples of partnerships were reported between SEs and the national job agency (Office National de l'Emploi) in Lubumbashi.

SEs in the DRC heavily rely on voluntary workers (Table 4). The interviewed SE sector employs more volunteers (7,802) than full-time and part-time workers combined (6,013), although this number is driven by non-profit SEs and cooperatives that rely on volunteers and pro-bono contributions from their members. SEs formed as for-profit companies account for 36 percent of total SE paid employment, but account for only a fraction of non-paid workers.

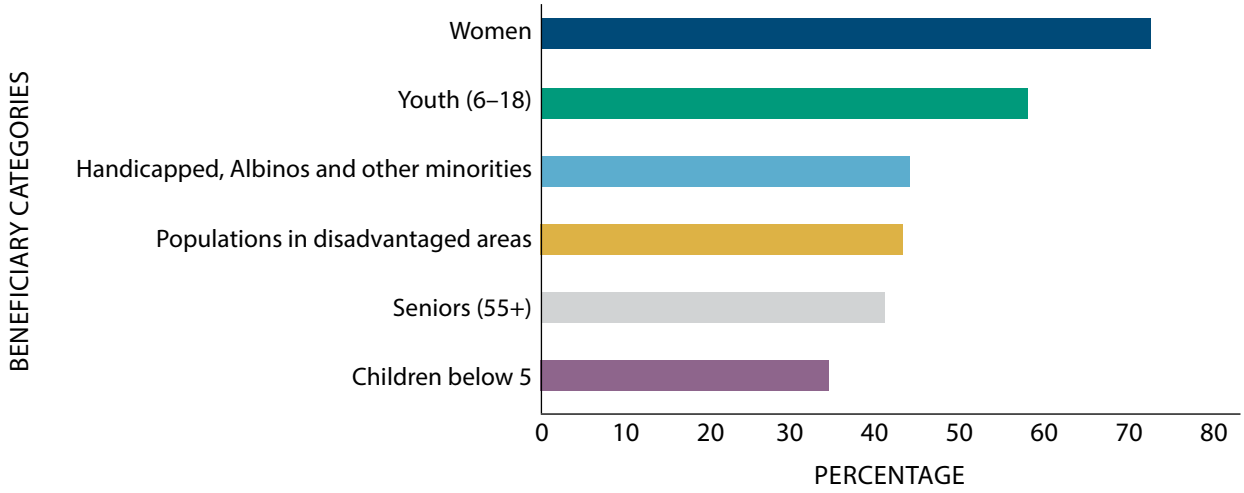
Gender parity and representation in the SE workforce are still limited. On average, only 35 percent of surveyed SEs have gender parity in their management and only 38 percent have more than 50 percent female employees. These figures are lower for men-owned SEs: only 26 percent have gender parity and 30 percent have more than 50 percent female employees, which points to the need for gender sensitization even with organizations that include gender in their social objectives.

Social enterprises contribute to public good creation and serve the poor

This report distinguishes between a paying client and a beneficiary of SEs. For example, a child receiving a vaccine is the direct beneficiary of the service, and the government might be the paying client who pays for this service (such as using the pay-for-result program). This distinction is important to understand SEs' revenue streams and business models. In most countries with a large SE presence, there is a wide range of revenue streams from direct beneficiaries and other clients (public sector, charities, corporate social responsibility, and so on).

In most cases, the surveyed SEs target the most disadvantaged categories of the poor—women, children, elderly, and people with disabilities. Social entrepreneurs express concern about the needs of the disadvantaged and commit to provide their services to those who need them most (Figure 11). Based on the self-reporting of the 198 interviewed SEs, these SEs served an estimated 1.9 million direct beneficiaries, targeting poor communities albeit without any verification of beneficiary income levels. This number underestimates the total reach of SEs

FIGURE 11. Main Categories of Social Enterprise Beneficiaries in Poor Communities



Source: SE survey in DRC, N=198, key beneficiaries served.

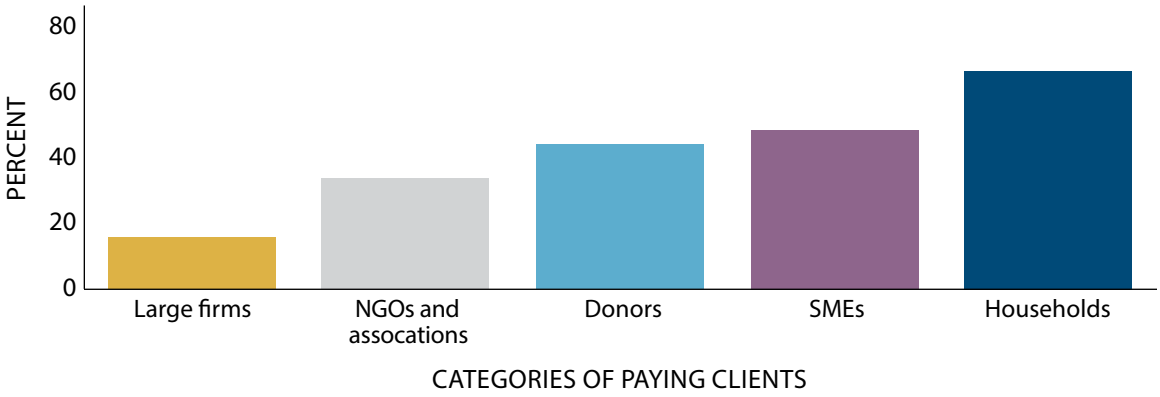
as it excludes beneficiaries of sensitization and awareness campaigns because reliable data are not available. The majority of direct beneficiaries received agricultural goods and services (43 percent) and training, technical assistance, and skills-building services (39 percent).

Poor households are self-reported to be the main paying clients for the 67 percent of SEs in the DRC, which puts significant pressure on the business models. Although there is demand and willingness to pay from the Congolese, the average household income in the country is very low. Thus, there is much pressure on the affordability of SE products and services, profit margins are low, and opportunities for cross-subsidization are rare. Furthermore, self-reporting by SEs on the income levels of clients may not be accurate. We combined this analysis with data on the geographical location of SE operations, which is another predictor of income, and the numbers of SEs operating in poor areas (all rural areas and poor and conflict-affected provinces were included; Kinshasa, Haut-Katanga, and Kongo Central were excluded). These numbers are lower than in self-reporting, but still significant: 59 percent of SEs are operating in poor and fragile areas.

Another category of paying clients are local MSMEs: 49 percent of SEs have B2B clients. Based on the comparison with the data collection on MSMEs in the four major cities (World Bank 2019), the number of B2B clients is higher among SEs than among Congolese MSMEs. Only 24 percent of MSMEs sell their products or services to other businesses (mostly wholesalers or large enterprises), and few examples of B2B clients were in a sample of more than 700 surveyed MSMEs from that study. Most likely this difference is due to the SEs' focus on micro-entrepreneurs (through livelihoods, skills building, or agricultural extension services) in disadvantaged communities where SEs are often the only provider of affordable B2B services and face limited competition.

Other SE clients include NGOs and associations, donors, and large corporations (Figure 12). Donors and large corporations are usually more lucrative clients and their service contracts allow SEs to cross-subsidize lower-income clients. This seems to be prevalent in the health, energy, and mining sectors. Since financial sustainability of SEs is an issue, they must pursue revenue-producing markets, which may ultimately erode or dilute their

FIGURE 12. Main Categories of Social Enterprise Paying Clients



Source: SE survey in DRC, N=198, key paying clients.

social purpose. This is a chronic challenge for SEs in the DRC and other countries, especially when they register as businesses.

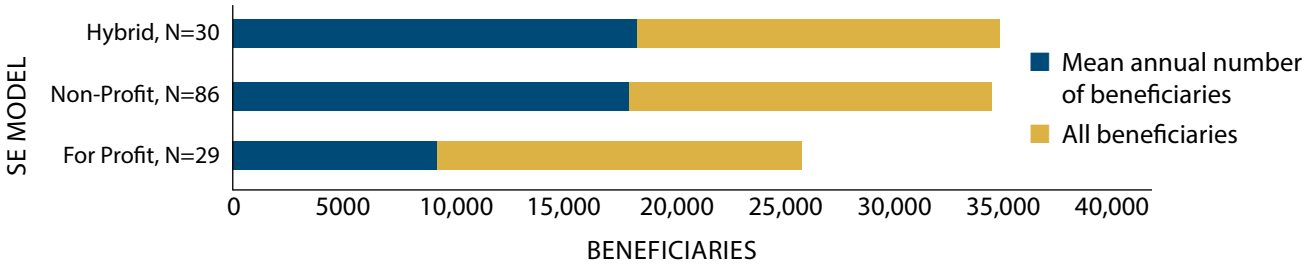
Many SEs cater to specific categories of beneficiaries that are excluded from public or private provision. Forty-three percent serve populations in fragile and conflict-affected communities, and 44 percent target people with disabilities, Albinos, or other minorities. Table 5 shows the dominant sector of SE activities for specific beneficiaries. These figures seem to be consistent with a social mission that 93 percent of SEs clearly stated in their statutes and rules of procedures. The targeting of specific groups also reflects the mission of the inspiring founder of the SE—his or her motivation and the niche that the SE is trying to fill.

Every year, each SE serves an average 16,644 beneficiaries. The average number of beneficiaries was calculated from self-reported data in the survey of 198 SEs. In the sample, 154 SEs provided credible information about their number of beneficiaries. The non-profit and hybrid SEs reported reaching almost twice

TABLE 5. Main Beneficiaries of Social Enterprises and Common Types of Services

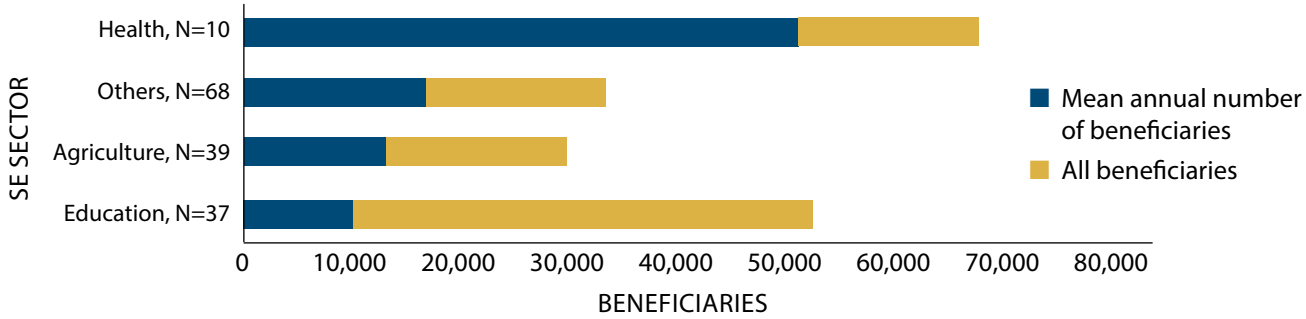
Beneficiaries	*Most common services*
Women	Agricultural inputs and training (27 percent) Gender equality, support to victims of gender-based violence, and prevention of gender-based violence (7 percent) Education and skills for women empowerment (22 percent)
Children (6–12) and youth (13–18)	Agriculture productivity training and livelihoods (23 percent) Education, including literacy and Technical and Vocational Education and Training (28 percent) Health, including prevention of sexually transmitted diseases and early pregnancy testing and support (10 percent)
People with disabilities, Albinos, and other disadvantaged populations	Agriculture productivity training and livelihoods (23 percent) Education, skills, and livelihoods (25 percent) Conflict resolution, environment, and health (8 percent)
Populations in conflict-affected areas and high-poverty areas	Agricultural value chains and food security (23 percent) Education and skills for displaced people (23 percent) Water, sanitation, and health services (11 percent) Finance, conflict resolution, and social cohesion (9 percent)

FIGURE 13. Average Number of Beneficiaries by Model of Enterprise



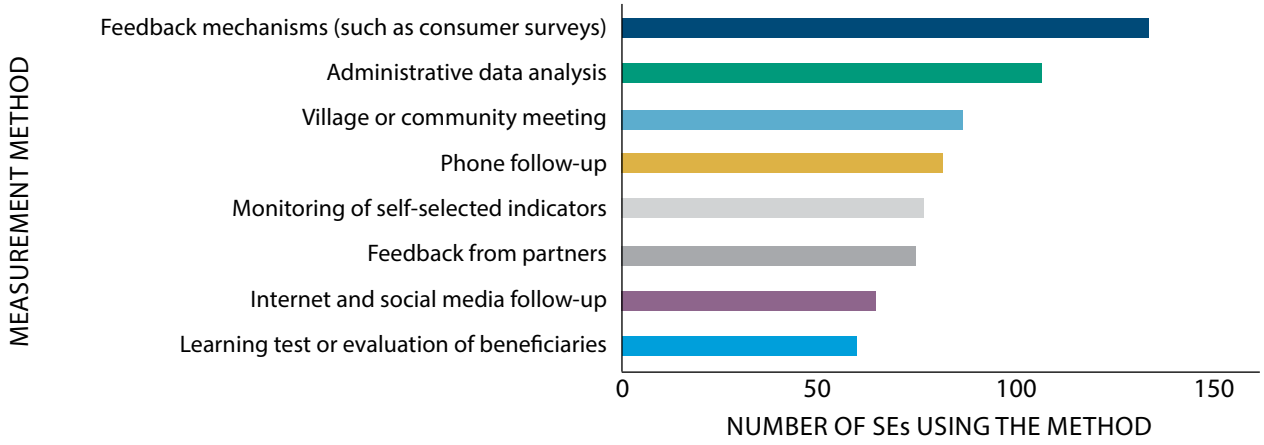
Source: Survey of SEs in the DRC.

FIGURE 14. Average Number of Beneficiaries by Sector



Source: Survey of SEs in the DRC.

FIGURE 15. Results Measurement Methods Used by Social Enterprises



Source: SE survey in DRC, N=184 (SEs that gather results data).

more the beneficiaries than for-profit SEs. Figures 13 and 14 respectively show the average number of beneficiaries by model of enterprise and by sector. All beneficiaries indicate the total average number of beneficiaries of SEs, 16,644 individuals. The majority of SEs (92 percent) gather basic data on the results of their activities. Beneficiary and client surveys are the commonly used method (65 percent of SEs), followed by administrative data analysis, consultations with the communities served, and other forms of follow-up (Figure 15).

Social enterprise growth is constrained by limited sources of funding

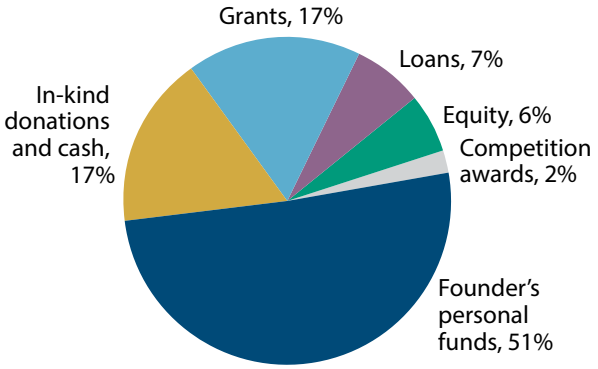
Similar to the rest of the private sector, the majority of SEs consider access to finance, especially startup capital and investment capital, as the main growth constraint. Access to capital is one of the key constraints to private sector development in the DRC (World Bank 2019; World Bank 2020) but the access to growth capital is more problematic for the SEs than profit-driven SMEs despite the high level of formality and access to donor support. Among the interviewed SEs, 78 percent believe they have unmet financial needs for recruiting qualified personnel, upgrading equipment, renting workspace, increasing staff salaries, diversifying products and services, and expanding geographically versus 62 percent among MSMEs (based on the comparison with the 2018 MSME survey in four urban locations; Word Bank 2019). On average, 51 percent of SEs use self-financing or rely on relatives to establish and expand their activities (Figure 16). The proportion of SEs using loans (7 percent) or equity financing (6 percent) remains low. Grants and donations (17 percent each) constitute important but unreliable sources of funding. They are also the most common sources of investment capital.

The demand for financing is high: 93 percent of SEs plan fundraising activities for 2020 to finance their growth plans (Figure 17). Financing need varies between US$2,000–$150,000, with the median ranging from US$8,000 to US$15,000. SEs report that funding is especially needed for purchasing equipment and materials to expand activities or improve the quality of services. In terms of funding, 39 percent of SEs will look for grants and donations, 28 percent will seek loans, and 26 percent will seek equity. Identifying equity as a potential source of funds is unusual for SEs in other countries: most social entrepreneurs prefer to keep full control of their organization in fear of being forced to make tradeoffs between the social mission and investors' pressure for returns. However, social entrepreneurs in the DRC explained that they also expect positive spillovers from equity investments that come in the form of mentoring and advice from investors, a longer-term investment timeframe, access to business networks of the investor, and help with securing larger contracts with the government and corporations.

Social enterprises rely on collaboration and partnerships

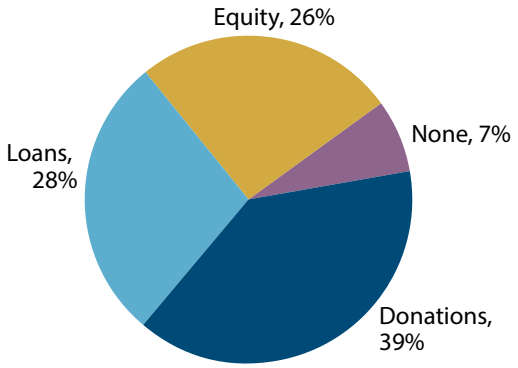
Almost 92 percent of 198 interviewed SEs have recurrent multiple partnerships. Partners are

FIGURE 16. Social Enterprises' Main Sources of Funding



Source: SE mapping in the DRC, N=198; funding.

FIGURE 17. Social Enterprises' Expected Fundraising in 2020 by Types of Funding



Source: SE mapping in the DRC, N=198; funding.

often donors, other SEs, or commercial enterprises in the same sector. When asked about their partnerships and relationship with the government, all of the SEs in the sample stated that they struggle to connect and receive no support from the government. From focus groups with various stakeholders (including government officials in Lubumbashi, Goma, and Mbuji-Mayi), we gather that limited engagement with the government and other stakeholders could be caused by the limited capacity of SEs in business plans and management, the poor organization and integration of SEs in their value chains, and the lack of support to engage in PPPs. During discussions, representatives from the Social Fund in Kananga, a government agency, shared the willingness of the government to collaborate more with SEs, but they lack information about local SEs. SEs and ecosystem stakeholders brought forward the need for promoting networking events for SEs with venues to collaborate more within the sector and with major players. Maintaining the current registration link or creating an online SE platform will help to identify the SEs to be invited at such events and tailor the events to their needs.

There are multiple examples of SEs creating partnerships among themselves. As mentioned above, B2B services are a large segment of SE activities, and several of the client-customer relationships are with other SEs. International fair trade and impact investment platforms often facilitate this collaboration. For example, the Equal Exchange has sourced coffee from the SOPACDI cooperative since 2011 through the Congo Coffee Project, which directly benefits the Panzi Hospital, a clinic for survivors of gender-based violence. Another example is Kadiwaku, an SE that provides training to people with disabilities, which partners with another SE, Femmes en Action, to train women with disabilities in clothing design and production. They also receive orthopedic materials from East-Eagle Foundation for their beneficiaries. However, during focus group discussions SEs mentioned the need to formalize their relations to create more stable partnerships and foster innovation spillovers.

Understanding Ecosystem Conditions for Social Enterprises

The SE sector's expansion in the DRC was despite, not because, of the government's policies. This is not easy for SEs as they function within the same business environment and suffer from similar shortcomings as other entrepreneurs in the country. The DRC ranks 182 out of 190 countries for Ease of Doing Business in the World Bank's 2018 report, and the ecosystem conditions currently do not meet the needs of the private sector (World Bank 2019). The key challenges include:

- A complex regulatory and fiscal environment that constrains entrepreneurial activity and growth.
- Constrained financial markets characterized by a large demand and weak supply of credit.
- Weak physical infrastructure that increases production and distribution costs.
- Market fragmentation stemming from disconnected value chains and information gaps.
- Shortages of skills, including managerial and entrepreneurship skills and technical skills.

However, SEs note positive recent trends in terms of creation and expansion of support networks, increased demand for their services, enhanced interest from donors, and some positive examples of public-private dialogue and collaboration. Donor support to NGOs and other organizations that were created for peace building and stabilization efforts provide positive examples of public-private collaboration in service delivery to the poor. This is illustrated

in Figure 12 on SEs' clients: 44 percent of SEs in the sample of 198 receive support from donors and 33 percent from other NGOs and associations. Some organizations led by local entrepreneurs managed to generate sustainable revenues and forge partnerships with local communities.

All of the actors said that despite the challenges, opportunities do exist for reinforcing the ecosystem. Mapping the SEs in the DRC provides an assessment of demand for and supply of SE solutions. The following sections focus on assessing the enabling conditions along the four factors described in the methodology: policy and regulation, financing, infrastructure and human capital, and information and networks.

Policy and regulation

To date, SEs in the DRC do not have a specific legal framework or policies and regulations to support the sector. Social entrepreneurship is a new term for the Congolese government and policy makers, and there is much confusion regarding the difference between SEs and charities or NGOs. Many for-profit companies self-identify as SEs by virtue of operating in poor areas even when their main objective is profit and they have no social mission, other than some corporate social responsibility activities. On the other hand, some SEs, especially non-profits, may operate with a stated social purpose but undermine the norms for SEs by pursuing a political agenda and/or tax avoidance at the same time. And, in still other cases, SEs might have to pursue higher-income clients to generate revenues to cross-subsidize their social activities. In the long run, this can undermine the original social purpose unless the SE can stay focused. Other SEs may offer their products or services to a wide population not specifically targeted to the poor, but at a price that the poor can afford.

This is a hard and confusing field to navigate in terms of self-reporting and government regulation. The lines can be blurred. SEs that adopt a cross-subsidization model are often forced to have a double registration: one as a non-profit for their activities that target the poor, and one as a company for more lucrative commercial activities, profits from which allow them to maintain financial sustainability for both organizations.

The Bilanga Ya Betu SE (profiled in the case study section) is an example of an NGO that created a revenue-generating SE. Many SEs register as non-profits to reduce fiscal pressure on their activities, but the designation also reduces revenue streams and financial sustainability. Hybrid models, such as cooperatives and Economic Interest Groups (GIE or *Groupement d'Interet Economique*) have several shortcomings. For example, cooperatives are best suited to improve the livelihoods of small producers and have limited use in service delivery sectors. Additionally, due to the performance challenges of cooperatives, especially in the financial sector, many organizations that function as cooperatives choose to register as non-profits or companies. With regards to GIEs, consultations noted that this complex form is rarely used by SEs in the DRC. Based on the focus groups discussions, social entrepreneurs and ecosystem stakeholders agree that the DRC needs a legal definition for social entrepreneurship and a policy framework that supports their activities and formalizes their engagements with private and public actors (Box 9).

In the absence of a shared identity and definition, SEs are not self-organized and are not represented as a sector in policy discussions. This is supported by findings from a discussion with stakeholders, including government officials in Lubumbashi, Goma, Mbuji-Mayi, and Kananga. Various stakeholders agreed

BOX 9. Limitations of the OHADA Legal Framework for Social Entrepreneurship

The DRC adheres to the framework of the Organization for the Harmonization of Business Law in Africa (OHADA). Under OHADA, the only organizational form that recognizes the social mission is governed by the Uniform Act on the Law of Cooperative Societies (AUSCOOP). A cooperative society is defined as:

> « An autonomous grouping of voluntary participants seeking to satisfy their common economic, social, and cultural aspirations and needs through an enterprise in which the property and management collectively managed and where power is democratically exerted according to the cooperative principles. » (OHADA 2011).

A literature review and focus groups with business associations indicate that administrations and cooperative actors experience difficulties in effectively implementing AUSCOOP. For example, local governments often add additional administrative steps for registering cooperatives and the processes are complex, lengthy, and prone to corruption. Additionally, as they are not subject to company law, para-cooperative organizations (especially groups), mutual societies, associations, and traditional organizations are not legally regulated by the OHADA legislator.

From the perspective of SE sector development and the variety of organizational forms that it encompasses, there is a need to complement AUSCOOP with a national SE legal framework for the DRC. The SE legal framework should account for the statutory and sectoral diversity of SE organizations present in the DRC economic landscape. Participants in the focus groups with the SEs and expert interviews argued that a broader and more flexible SE framework could boost the sector's dynamics and facilitate dialogue and collaboration with public authorities.

Source: OHADA Uniform Act on Cooperatives 2011; Caire and Tadjudje 2019; focus groups with SEs; and informant interviews.

that, in the absence of a clear policy framework surrounding social entrepreneurs' activities, it will be difficult to consolidate the sector. They agree that social entrepreneurs could complement government development actions and are often more efficient in providing public services in remote areas. There is also a concern that because citizen organizations and political NGOs sometimes brand themselves as SEs, the dialogue with the government could be overtaken by political power games. Most of the SEs self-associate with the business community despite being registered as non-profits.

Despite the lack of a specific framework, some existing policies could be used to engage SEs as active actors in the development agenda, but effective implementation is missing. Most of the problem stems from a significant challenge in the business environment that is "the huge gap between the introduction of formal policy reforms and their actual implementation, that is, the inability and/or unwillingness to enforce rules" (World Bank 2018). Uncertainty created by this gap between regulatory requirements (de jure) and real practices (de facto), as well as discretion in enforcement and implementation of regulations, raises risk for small and medium firms. It affects their ability to effectively predict cost structures, and these firms have fewer resources to absorb uncertainty than large firms. During focus groups in

Lubumbashi and Goma, SEs emphasized the need to improve compliance with procurement and outsourcing laws at the local level by the central government. Despite the outsourcing law and proclaimed corporate social responsibility activities, SEs report that they have limited engagement with the mining sector. The SEs say that their limited access to public markets is one of the main constraints to growth.

Policies have been adopted to promote the formalization of micro-entrepreneurs, many of which may be SEs, to improve their revenues, but the weak capacity of the cooperatives and political economy factors created more opportunities for exploitation than growth. For example, according to DRC mining law, artisanal miners must be members of a cooperative to engage in legal mining activities in designated artisanal mining areas. While there are currently several registered small-scale mining cooperatives, many tend to exist in name only and are not functional (USAID 2019).

Furthermore, a field study in South Kivu (Haan and Geenen 2016) demonstrated how the interplay between historical power relations and formal institutions has transformed cooperatives into an instrument allowing economic, political, and customary elites to continue exercising power and exploiting miners economically. The study concludes that in the absence of supporting systems that improve the capacity and governance of the cooperatives and their access to finance and technology, cooperatives will function as an institution that "legalizes" exploitation instead of being an instrument of economic empowerment.

These conclusions are supported by the focus group discussions and consultations with SEs in Lubumbashi. Discussions surrounding challenges related to formalization in Lubumbashi, Mbuji-Mayi, and Kananga brought forward the lack of information and transparency in the registration process (especially regarding costs) and the long duration of procedures. Simplifying the process for SEs should be accompanied by better monitoring and accountability. Digitalization of payments could help. Stakeholders suggested creating a one-stop shop for SE registration and setting up measures to allow SEs to register locally. Other suggested policies are to limit the costs of formalization, allow registration costs to be paid over a given period of time, and provide tax reduction or exemptions for start-ups and newly operating SEs.

The public procurement system is plagued with corruption, and positive examples of collaboration are rare and mostly at sub-national levels where SEs report a more positive collaboration with the government. The public procurement market is constrained by substandard and opaque procurement processes, delays and defaults on payments for services, and the reticence and lack of understanding of different business models, including SEs, among public sector employees. No successful example of public procurement with SEs at the national level was reported during the survey and discussions. Several SEs complained they spend significant time and money responding to the calls for public purchases, but they are never successful. They also deplored the nepotism that is reported to be evident in public procurement. Others cited the discontinuity between the government's stated policy of citizen participation and enhanced accountability and the way procurement is carried out. Nevertheless, SEs report more success with public procurement at the municipal level, and there are interesting examples of public-private collaboration, one of which is discussed in the case study section (Great Vision Business Holding). The SEs explain that local governments are more committed to results and have more trust in private sector solutions. Contracts are also

BOX 10. Schoolapp: A Positive Example of Social Enterprise and Government Collaboration

Access to learning materials and books is a challenge in the DRC, and libraries are rare. Schoolap is one of the first edtech startups in the DRC. It works with the DRC government to improve the quality of education by providing teachers and students with access to learning materials digitally. It also provides a platform for managing and tracking student performance and allows for greater engagement between parents and school authorities. Schoolap works with the Department of Education and Programs in the government to create quality content and align with the government's syllabus. Since it works with governments and institutions, rather than individual schools, the SE has scaled up quickly. As of early 2019, Schoolap covered 8,000 schools in the country. It was recognized as the Best Startup in the DRC leg of a global competition and is now looking at scaling its solutions across the country. Given the strong uptake of the platform, its target is to reach 20 percent of the country's schools by 2020.

Source: Maur and Palmade 2020..

smaller, and local entrepreneurs are more competitive to win them. Box 10 offers one example of successful SE-government collaboration.

The Social Fund (*Fonds Social de la Republique du Congo*) illustrates the challenges of public-private collaboration. The Social Fund was established to play a leading role in the reconstruction of the country by improving the living conditions of its most vulnerable citizens in rural and urban areas and their access to social services. The Social Fund faces a challenging environment and could collaborate with SEs to effectively deliver goods and services to the poor across the DRC. Positive examples of collaboration occur between the Social Fund and social entrepreneurs, such as the conflict resolution example in Box 6. However, interviews and focus groups with SEs in Kinshasa, Goma, and Lubumbashi reveal several issues that prevent productive collaboration at scale, including lack of transparency in the selection method of pre-qualified organizations for Social Fund funding, the complexity and length of the approval processes, lack of information regarding funding opportunities, and difficulties with supervision and monitoring of delivery. SEs also complained that international organizations win bids even though their engagement never lasts beyond the contract's scope and they provide limited support to local capacity building.

Complex and uncoordinated taxation and regulation increase the cost of providing services to the poor, resulting in higher operating costs and increased pressure on the affordability of SE solutions. Many SEs have difficulties in applying business principles to their operations because of fear of government harassment if they launch commercial activities. High and multiple taxes were brought up many times during focus groups as reasons to resist formalization. Designing a legal framework for SE activities should include thinking about tax policies specific to SEs. The latest International Monetary Fund (IMF) Article 4 report highlighted the need to reform the DRC's tax system—very complex, overlapping, too many exemptions, and predatory—and to increase the level of tax collection. The DRC's rate of revenue generation as a percentage of GDP is lower than the average for Sub-Saharan Africa, diminishing the fiscal space available to meet basic needs of the population.

Agricultural SEs are particularly concerned with property rights and contract enforceability,

which severely limit their investments and partnership opportunities. Other key regulations include simplifying registration processes, relaxing or enforcing land ownership laws for SEs operating in agriculture, creating a framework for legal disputes with provincial government, providing tax exemptions for delivery of public services, and improving compliance with procurement and outsourcing laws.

Financing

Commercial capital is scarcely available in the DRC even for profit-driven SMEs, let alone SEs that often have lower profit margins. Several options for accessing capital and financing from commercial and government sources exist, but the interviewed SEs reported that the application process for commercial loans takes a lot of time and effort with uncertain results. The proportion of companies using loans (6 percent) or equity financing (2 percent) to establish and expand their business in the DRC is low (Agapitova and Rossanaly 2019). Interviewed investors cited lack of collateral and the low quality of financial proposals as the key challenges in funding SEs.

On the other hand, the SEs focus groups concluded that: (i) the loan application procedures are too complex, especially for service delivery activities; (ii) the loans are short-term (6–12 months) and are not appropriate for the longer-term cycles of SEs; (iii) commercial investors consider too risky the SEs' focus on poor customers and lower business margins. Discussions during the focus groups mentioned that the lack of capacity and experience working with commercial investors also pose challenges: many SEs lack the capacity to write proposals and business plans and manage their budget rigorously, so access to financing opportunities should be accompanied by capacity building in financial management.

To date, no dedicated financial institutions or financial instruments for the SE sector exist in the DRC. SEs heavily rely, especially at the ideation and pilot stages, on grants from international organizations, such as AfD, African Development Bank, European Union, Oxfam, USAID, and United Nations Development Programme. The World Bank SME Growth and Development project includes a funding window for social entrepreneurs, but resources are limited to select urban areas (Goma, Kinshasa, Lubumbashi, and Matadi). New and existing SEs could apply for competitive grant funding through business plan competitions: the grant funding for SE startups averages US$20,000, and matching grants for SEs at growth stage average US$75,000.

International impact investors are increasingly active in the DRC, attracted by the large market and the country's economic and social potential. The rise of challenges and competitions (for example, Ideas for Action, Orange Venture Prize, and hackathons during Kinshasa's annual Digital Week) has provided a space for young entrepreneurs to innovate and propose solutions for social and economic challenges faced by the DRC. Several incubators across the country, such as Kivu Entrepreneurs in Goma and Hub RDC in Kinshasa, provide support to social entrepreneurs, although dedicated programs are rare. Other investors, such as XSML Impact Investing, are also exploring the Congolese market. The IFC's Central Africa SME Fund has invested in SMEs in the DRC, including SEs such as the Congo Call Center. It reported positive results in terms of job creation, service delivery, and reduced fragility of entrepreneurs (IFC 2019).

Congolese SEs are reaching out to international sources of funding and are attracting impact investment. Examples of such investment include: (i) AECF awarded more than US$1.25 million in "soft loans" for four agricultural SEs

in the DRC; (ii) Reach for Change Africa finds, supports, and develops SEs in Africa through its Accelerator and Incubator programs and has three SEs from the DRC in its portfolio; and (iii) Global Innovation Fund and Global Innovation Exchange provide funding and capacity development resources, but it only reached one Congolese SE by the end of 2019.

Dedicated funds are established for SE activities in specific sectors, such as agriculture and mining. Although these funds are limited in scope and sectoral and geographic coverage, they provide important sources of capital for replication of proven models of mature international SEs in the DRC. For example:

- *The World Bank's Growth with Governance in The Mineral Sector Project (PROMINES)* financed small grants to women mining cooperatives in Katanga to improve their business opportunities and working equipment. With PROMINES support, women have learned to take more advantage of mining, stand their ground, and achieve similar results as all-male cooperatives, as evidenced by the project's Implementation Completion Report (World Bank 2019).[3]
- *The World Bank's Improved Forested Landscape Management Project* includes US$2 million support for the production and marketing of energy-efficient cookstoves in Kinshasa to help reduce deforestation. For example, the project helped Biso na Bino, a Kinshasa-based Congolese SE that produces energy-efficient cookstoves, upgrade its production facility to manufacture more than 1,500 units per month. This investment helped reduce fixed costs and make the stoves more affordable to poor households: Biso na Bino's smallest cookstove price dropped from US$30 to $15, and although that is still more than a US$2 traditional cookstove, the cost is recovered in just two months due to savings on coal purchases.
- *The Commercially viable Conflict Free Gold (CVCFG)* initiative is funded by USAID to establish a conflict-free artisanal and small-scale mining gold supply chain in the eastern DRC. CVCFG strengthens selected artisanal and small-scale mining gold cooperatives by examining their business and governance structures, fostering the commercial relationships between these cooperatives and value chain actors, and creating the necessary export or other commercial incentives to ensure that they can sustain operations independently without continuous donor funding. Moreover, this initiative actively seeks partnerships with the private sector to achieve at least US$4 million of investment into the project-supported supply chain.
- *The Youth Entrepreneurship in Agriculture and Agri-Business Project* of the African Development Bank in the DRC is a new US$40 million project. It aims to improve the value-added of the agricultural sector and access to finance in the agricultural sector by young people by creating 2,000 companies led by 600 young graduates and establishing a risk-sharing mechanism for youth loans and a fund to cover potential climate risks. The interventions are organized around three components: improvement of youth entrepreneurship environment in agriculture; development of businesses; and project coordination and management.

Infrastructure and human capital

The use of new technologies is limited because of energy access challenges and frequent power cuts, lack of equipment, and limited ICT penetration. Limited use of Internet and the poor coverage for telecom services also affect the visibility of companies, ease of purchasing and ordering, tracking clients, and exchange of market information. The potential for using

ICT is much higher in urban settings, especially Kinshasa, but the cost of telecoms services is often too high for SEs and their beneficiaries. In addition to energy, the poor quality of roads and numerous roadblocks also constrain SEs from effectively providing services to their beneficiaries. In rural areas where supplies are imported and distances are long, security challenges add to the difficulty.

The general level of education presents an issue, especially the lack of practical skills of recent university graduates and overall lack of business management skills and education. Entrepreneurial culture is generally weak and there is a limited flow of early-stage ideas that grow into quality SEs. The overall knowledge of financial management practices and capacity to develop quality business plans are limited. Few programs on social entrepreneurship exist in the country. Some ecosystems stakeholders are taking action in that direction. For instance, incubators, such as Ingenious City and Hub RDC, provide management and digital training to the entrepreneurs they work with. Some universities (Universite Catholique du Congo, Institut Superieur du Commerce, Universite Protestante du Congo) have learning modules on SMEs that cover social entrepreneurship and microfinance. However, there is no comprehensive training that covers all aspects of social entrepreneurship, and SEs expressed the need for a consolidated "one-stop-shop" offering that provides information and learning opportunities to social entrepreneurs or people who would like to become social entrepreneurs.

Information and networks

There are important information gaps on the SE sector in the DRC. Social entrepreneurs are not self-organized in the country and do not have a common voice and representation. Some incubators and accelerators feature social entrepreneurs in their programs, but they have no systematic engagement with the community. The concept of social entrepreneurship is new for the business community in the DRC and few entrepreneurs self-identify as SEs.

At local levels, community-based approaches to promotion of social entrepreneurship get traction. For example, the Food and Agriculture Organization-supported Dimitra Clubs in Tanganyika shows positive results in terms of empowerment of rural entrepreneurs, women's leadership, and improved livelihoods and gender equality (FAO 2020). The clubs are self-organized groups of social entrepreneurs who work together to improve their lives by promoting changes in their communities. Members meet regularly to discuss common problems they face in their daily lives and brainstorm their own solutions. Rooted in dialogue, knowledge exchange, and gender equality, the clubs help amplify the voice of rural populations, especially of women. The approach encourages the active participation of women, youth, and marginalized groups.

Only 20 percent of SEs received technical assistance in the last three years, mostly nonprofits. SEs reported that capacity development is one of the most pressing needs for social entrepreneurs and their employees. The situation is better in urban locations, especially Kinshasa and Goma where donors and international NGOs offer some support programs. In addition to technical capacity specific to their sectors, capacity building is needed in business management, fundraising, and leveraging technology.

Among 10 enabling organizations (incubators, accelerators, and other business development service providers) targeting MSMEs, only three help social entrepreneurs. Most ecosystem enablers report that their key challenge is to develop a viable business model that depends

on their client's ability to pay for services, which is limited for SEs. Ingenious City is an example of an incubator that provides working space and the Internet but also links SEs to angel investors for financing. They are developing a profit-oriented investment scheme to support their activities. Some private incubators, such as IT Hub founded in 2015, have plans for developing online services for social entrepreneurs based on existing platforms. The use of international web-based learning platforms by Congolese SEs is limited because of the language barriers: the bulk of available programs require a mastery of English and offerings in French are less common.

NOTES

1. K–12, a term used in education and educational technology in the United States, Canada, and other countries, is a short form for the publicly supported school grades prior to college: kindergarten (K) and the 1st through the 12th grade (1–12).
2. For an overview of the project, see https://projects.worldbank.org/en/projects-operations/project-detail/P160806.
3. See http://documents.worldbank.org/curated/en/872481557158663580/text/Democratic-Republic-of-Congo-Growth-with-Governance-in-the-Mineral-Sector-Project.txt.

III. Comparative Social Enterprise Case Studies

Descriptions of Case Studies

The DRC has a rich variety of SEs, and the case studies selected represent the many types of SEs found in different sectors (Table 6). Some SEs were driven by entrepreneurs to address a key service failing in the community and built an effective business model to do so. Other SEs started as donor-driven NGOs that gradually built independent revenue streams to support their mission. One of the features commonly shared by the Congolese SEs is that they are often involved in multiple sectors to provide a comprehensive support package to their clients and beneficiaries. All the cases presented in this section reflect this feature. Each SE case addresses at least one of the many economic or social challenges prevalent in the DRC, ranging

TABLE 6. Basic Information for the Selected Social Enterprise Cases

SE Name	*Sector*	*Key Activity*	*Geography*	*Legal Form*	*Revenue Model*
Makala Bio	Waste, Energy	Converts industrial organic waste into briquettes	Kinshasa, Kingawa (planned 2020)	Limited company	Product sales
Altech	Energy	Provides energy products to off-grid markets	Country-wide	Limited company	Product sales
Panzi Hospital	Health, Empowerment	Offers medical care for sexual violence survivors and reintegration assistance	Bukavu	Non-profit corporation	Donor and cross-subsidization
Asili	Health, Water, Agriculture	Delivers integrated health services, clean water, and agriculture inputs	Buhanga, Cirunga, and Mudaka	Cooperative	Membership and service fees
Bilanga Ya Betu	Agriculture	Connects investors to farmers		Limited company	Investor shares
Ubiz Cabs	Transport	Provides safe transport with daytime women drivers		For-profit	Service sales
Kadiwaku Family Foundation	Livelihoods	Provides entrepreneurship training, access to finance, and advocacy for people with disabilities	7 centers in 26 provinces	NGO	Grant-driven
Biamba Marie Mutombo Hospital	Health	Offers low-cost hospital and health insurance	Hospital in Kinshasa, DRC-wide campaigns	NGO	Sales, cross-subsidization, and grants
Great Vision Business Holding	Waste management	Collects and recycles solid waste in Goma	Goma (primary site), Kinshasa, Lubumbashi	Limited company	Sales of plastic waste, service contracts
AJDBV	Conflict resolution	Provides skill training of former combatants and rebels	North Kivu	NGO	Sales, service contracts

from access to basic services to economic empowerment to reduced violence against women. The 10 selected SEs operate in urban and rural areas. The cases represent different sectors of activity, legal forms, and partnerships with the government. Some of the models are SEs in the purest sense—financially sustainable businesses that pursue a social mission—while others are a blend between NGOs and SEs, or SEs and profit-seeking enterprises. The core parameters in the analysis are: development challenge that the SE addresses; SE solution and value added; and results and scalability of the solution.

Makala Bio: From organic waste to clean energy

Development challenge: Lack of waste management and sanitation disproportionately affects low-income households, and the pressure of finding a sustainable solution is high in urban areas. Kinshasa generates about three million tons of organic waste each year. Lack of energy access also affects the poor. The majority of households rely on charcoals for heating and cooking, which contributes to pollution and deforestation. One tree is required to produce 50 kilograms of charcoal, which an average household burns in less than two weeks. It is estimated that 84 percent of all harvested wood in the DRC is used for charcoal and firewood.

In 2018, Makala Bio's founder, Cedric Onoya Tokombe, decided to address the sanitation and energy problems that plague Kinshasa and many other DRC cities by collecting and monetizing the waste that would otherwise accumulate in the already overflowing landfills, while creating more inclusive employment, particularly for informal waste pickers.

SE solution: Makala means "charcoal" in Lingala, and Makala Bio produces green and affordable coal (biocoal) and firelighters using organic waste. Makala Bio is registered as a limited liability company and has an independent executive board. The company was financed through the two founders' own funds (86 percent of the US$94,000 investments made), grants, and awards funds.

Makala Bio's revenues are generated by service contracts for organic waste collection from large companies and sales of produced biofuel. The Makala Bio business model is based on mutually beneficial partnerships:

- Contracts with large companies (such as Bracongo or the Hanns Seidel Foundation) to collect and transform their organic waste and supermarkets to distribute packaged coal. There are ongoing discussions with agri-processing plants about an in-kind payment program that will exchange a 2.2 kilogram bag of green coal for every 10 kilogram of organic waste. This win-win collaboration with large companies was critical for Makala Bio's model.
- Local entrepreneurs (waste collectors and retailers) help collect organic waste from households and sell produced coal and firelighters. The company works with a network of more than 40 entrepreneurs and plans to expand this network to 100 entrepreneurs by 2021.
- Community engagement through awareness-raising campaigns and customer sensitization. Makala Bio works with communities on improved efficiency in separating biodegradable waste.
- Government partnerships are critical to scale the model. The founders noted positive feedback from the Ministries of Health and Environment and focus on discussions with the Kinshasa City Council. At this stage, there are no formal collaborations with the municipal governments.

Makala Bio won several awards as best startup and best green startup, and it continues to innovate based on feedback from clients and partners. For example, the company improved the quality of the coal because it received feedback from customers regarding a high level of ashes and dust. To improve operational efficiency, Makala Bio also developed a spinoff company, E-butshafu, an award-winning digital platform to coordinate the operations of waste producers, collectors, and recyclers. The platform now serves multiple organic waste collectors in Kinshasa.

Results: The company currently operates in Kinshasa, serving more than 1,300 households, and plans to extend to 20,000 households in three years. Makala Bio employs 12 people full-time and provides 42 entrepreneurs with livelihood opportunities. In 2019, it collected 25–35 tons of organic waste per month and produced 5 tons of coal in the same period, and it plans to grow its capacity to 5 tons per day by 2022. The second production plant is being finalized in Kingawa (170 kilometers away from Kinshasa) and will be operational in 2020. Once the plant is operational, the number of jobs will increase to 22–25 full-time employees and 100 sales partners working on commission.

Makala Bio is small, but it has the potential for growth and replication. Other SEs with similar business models of converting waste to energy have become financially viable and even successful (World Bank 2017c). For instance, Khmer Green Charcoal in Cambodia has a turnover of more than US$250,000, and they claim their coconut shell charcoal saves deforestation at a rate of one hectare every three days.

Altech: Off-grid energy products for rural markets

Development challenge: Only 19 percent of the DRC population has access to electricity, and in the rural areas access is virtually nil.[1] Poor energy access limits the activities rural households can engage in to increase their incomes and farm productivity, such as processing equipment and pump irrigation. Lack of access to electricity inhibits usage of cell phones and communication devices, including radios and televisions. Also, households often resort to less healthy fuel alternatives, such as kerosene for their lighting needs. Off-grid solar products can address these needs, however, access to them in rural markets can be limited, and cheap knock-offs that fail soon after can deter consumers from purchasing them despite the benefits they can provide.

Altech co-founders, Washikala Malongo and Iongwa Mashangao, were forced to flee their village during the Congolese war and grew up together in a refugee camp in Tanzania. Upon earning scholarships and getting their university degrees, they returned to the DRC to launch Altech in 2013 with US$500 of their own savings to address the country's large energy deficit.

SE solution: Altech sells off-grid energy products, such as solar lamps, solar home systems, and cook stoves to rural markets. When they first started, the founders, who shared a similar background to their rural household clients, were able to use their related experience to build trust around the products that they sold. As part of the trust building, Altech only sells quality, certified, durable solar products, and consumers can have confidence they receive value for money. This trust is reinforced and backed by Altech's three-year warranty on their products. With costumers now willing to buy their proven products and experiencing the benefits, this quickly built Altech's reputation as reliable sellers.

To meet growing demand and expand reach, Altech recruits youth as Solar Ambassadors salesforce, training them in sales and as technicians to service the product. Altech has 25 shops across 20 provinces, which serves as service depots and outlets for their Solar Ambassadors.

Altech also provides a PAYGO financing option, which improves affordability over time for their clients. For smaller items, such as solar lanterns, payments can be made over three months, and for larger solar home systems payments can be made over 6–12 months. There are also options on down payment size and monthly payments. Payments can be made by mobile money and are carefully tracked, with follow-ups made with those in arrears. In cases of non-payment, products are repossessed and sold to new customers that pay off the balance. For solar home systems, some of which cost more than US$1,000, there is a deeper vetting of clients and a contract signed to ensure Altech maintains the rights to the product until it is fully paid.

Results: Altech has sold more than 170,000 products, impacting the lives of more than 850,000, and created more than 500 jobs. With solar home systems, Altech also saw an increase in demand for consumer products to be used with their systems, such as televisions, which can help connect and even educate rural households. The products are also popular in more urban settings, given the frequent blackouts and unreliability of grid connections. There are now several players in the off-grid solar product space in the DRC. The new players created a competitive environment, however, the demand for products is so high, that one of Altech's key concerns is losing customers to competitors for lack of inventory.

The off-grid solar business model is a common SE business model that is prevalent in many energy-poor countries and also one of the more financially viable and profitable models. Such models often do attract impact investing and grant funding, and Altech has received about US900,000 in grants from the Shell Foundation, Elan RDC (UKAID), Swiss Re Foundation, United States Agency for International Development (USAID), and United States African Development Foundation (USADF), and has accessed low-interest loans for nearly US$270,000.

Panzi Hospital: Holistic care and services for gender-based violence victims

Development challenge: The DRC has a long history of unrest and instability, which are often accompanied by sexual violence: increased rates of sexual violence coincided with the armed conflicts of the early 1990s and later. Gender-based violence (GBV) is prevalent, and women who have been sexually traumatized and suffer physical and psychological problems have limited recourses for treatment or justice. Many of these women face deep stigma surrounding sexual violence and fistula, and as such have a hard time reintegrating into their communities.

Founded in 1999 by renowned Nobel Peace Prize Laureate Dr. Denis Mukwege, Panzi Hospital treats thousands of women a year with complex gynecological injuries and injuries from rape and sexual violence. Panzi Hospital is principally supported through the Panzi Foundation.

SE solution: Panzi's mission is to assure holistic, high-quality care to survivors of sexual violence and other vulnerable women and girls. The Panzi model is based on four pillars: (i) medical care;

(ii) psycho-social assistance; (iii) legal assistance; and (iv) socio-economic empowerment. This model provides sexual violence survivors with services that meet the full spectrum of their needs.

At the individual level, Panzi supports physical recovery, emotional recovery, education and vocational training, community reintegration support, and legal assistance and representation. Panzi Hospital reserves many of its 450 beds for survivors of sexual violence. Treatment often involves multiple delicate surgeries, followed by a prolonged period of recovery. Patients are also provided psychological counseling and therapy.

To help empower these women, Panzi also provides legal assistance and livelihoods training. Panzi provides legal clinics to help women file hundreds of complaints per year linked to sexual and gender-based violence. About 40–60 percent of the women that receive treatment at Panzi cannot return to their communities due to the extent of injuries, violence, and deep stigma, so Panzi addresses their socio-economic needs by providing a 12-month training program for literacy, math, and job skills, and they can even access grants for launching micro-enterprises.

At the community level, Panzi supports the capacity of civil society organizations and community leaders to prevent and monitor abuses, raise awareness, and sensitize community members on supportive reactions to the victim as well as available services. Panzi trains health professionals on the collection of forensic evidence and community paralegals on applying for justice for these women and girls. Community-level support is critical to restoring balance and ensuring protection for survivors and their communities.

Panzi is a prime example of an SE that is involved in multiple sectors as it evolved to address a more comprehensive continuity of care for its patients. Originally focused on the provision of maternal medical care and treatment of victims of sexual violence and rape, Panzi recognized that more needed to be done to support these women post-surgery. Absent other players, Panzi developed the aforementioned services to assist traumatized and stigmatized women with reintegrating into society.

Results: More than 85,000 women suffering from rape- or birth-related complications were treated at the hospital, with thousands also taking advantage of the innovative holistic healing model that enables them to rebuild their lives. Panzi's work on raising community awareness and training communities helped empower victims to file complaints, and they were successful in obtaining convictions: of the 56 judgements made, 52 were convicted and 2 were acquitted.

Recognized for its success in providing integrated services to address GBV, Panzi was one of the service providers contracted by the Social Fund for two World Bank projects on GBV. The World Bank's DRC Gender Based Violence and Prevention and Response project (P166763) will expand Panzi's South Kivu activities into Tanganyika. The project will build on Panzi's integrative care model by providing a suite of comprehensive services, including medical care, legal services, and forensic evidence collection, analysis, and training; support services for survivors and their children rejected by families; mobile clinics in remote areas to reach the most vulnerable groups; and training and capacity building for health providers on performing complex surgeries, compiling forensic evidence, and providing high-quality medical and mental health services.

Asili: Community enterprise zones to reduce childhood mortality

Development challenge: At 88 deaths per 1,000 live births, the DRC has one of the worst rates of under-5 mortality in the world. The provision of clean water and health care would help reduce this incidence. At this time, however, providing free services is not a sustainable or scalable solution given the breadth of demand and the constraints of the DRC's fiscal capacity.

SE solution: Asili was co-created in 2014 by the non-profit American Refugee Committee, USAID, IDEO.org, and local community members. Asili's objective is to reduce childhood mortality through the provisions of basic services based on a sustainable business model. The human-centered design process resulted in the creation of a community-owned SE that provides a bundled package of clean water, health services, and agricultural products to improve livelihoods. Consultations with local women informed how the SE was designed. For example, Asili discovered that women stopped taking their children to health clinics because of uncertainty over the fees for services. This led Asili to develop a health clinic with fees posted and full transparency. They also designed health clinics to be more inviting, with water fountains inside and play areas for children.

Enhancing agriculture livelihoods was seen as critical to boost income, which would then give residents the ability to pay for water and health services. Using an agriculture cooperative model, Asili provides local farmers with tools, training, and loans in the form of high-quality seeds and fertilizer—with a guaranteed market for their harvest.

Asili also found that cyclical incomes led to difficulty in making large payments at a time of need, so they developed a membership option. This model allows community members to pay for a package of services—including a daily water allowance and reduced clinic fees—that would serve them throughout the year, at a membership rate of about US$4 per month. For the most vulnerable and the poor, Asili also arranged a philanthropic fund (from donations) to pay for those members it identified as the neediest (using criteria by the DRC government), so that their accounts will discreetly appear as fully paid.

Results: Within a year of operation, Asili saw more than 1,000 clinic visits, more than 1 million liters of water distributed, a 600 percent increase in farmer's incomes,[2] and a reduction in under-5 mortality rates. Moreover, community members, particularly women, often run these enterprises, such as water retail outlets.

Asili, which began its community-run business model in the Kabare region, is now in Buhanga, Karambi, and Mudaka. As a modular platform, the Asili model can be customized for new communities to include other social businesses, such as energy, education, and sanitation.

Bilanga Ya Betu: Investments in agriculture and receiving returns in produce

Development challenge: Despite having an abundance of cultivated and fertile land, the DRC's agriculture suffers from poor agricultural productivity and lack of diversification, and the country imports basic produce that could be grown domestically. However, farmers are risk-averse to invest in new crops that they have not been trained in, and for which the

productivity and markets for the crops are unknown. While the agriculture potential is high, addressing these constraints would help diversify and increase farmers' incomes, as well as replace more costly imports.

Started in 2015 by the NGO Elongo Elonga, Bilanga Ya Betu (ByB), which means "our field," is a community agriculture venture to connect urban consumers (investors) with rural producers.

SE solution: ByB's innovative approach consists of investing the money of its members into agricultural ventures, such as growing potatoes, and repaying the investors with the food produced, while at the same time delivering training to local agricultural communities. Typically for the investment made, the investor will receive 60 percent back in produce; 20 percent is for overhead and 20 percent is saved or invested for the farmer. Although the repayment in produce is 60 percent of the investment, the returns are more substantial, given the savings from the cost of imported food. For example, if the investor receives US$60 worth of produce from the farm, but the imported value is US$120, then the investment is fully covered. The model opens up the possibility of having farmers switch to new, higher-value crops, since it provides farmers with new training but also de-risks their outlays.

As part of their agriculture investment experience and awareness raising, ByB also conducted farm tours so that investors can see where their crops grow and even partake a little in the harvesting. These tours were well received, and for many, it was their first foray into central DRC and a chance to participate in farming.

Before starting a new agriculture crop venture, ByB tests the feasibility of the new crop before, so that it can better prepare farmers on the farming techniques as well as yield estimation.

Results: ByB increases local production, particularly of import-substitution food, enabling access to more affordable nutritious food while helping support local farmers. ByB is a good illustration of SEs that operate in other sectors as well. In Kongo central, their non-profit part is invested in education, health, and clean water supply. It also works in supporting war refugees in Equateur and Kinshasa.

Ubiz Cabs: Women drivers for safer taxi experiences

Development challenge: Kinshasa's high crime and violence rates permeate all aspects of life, including transportation safety. "Clandestine" taxis are notorious for posing as legitimate authorized taxis and robbing passengers. Gender inequality is high among drivers and almost all of the taxi drivers in the traditional taxis are men. Some transport startups are working to address the issues, with the development of Uber-style taxi apps.

In late 2018, Ubiz was founded by social entrepreneur, Patricia Nzolantima. She was inspired by her experience with Uber in New York and sought to bring the business model to Kinshasa for a safer and more comfortable ride. Patricia also committed to increase employment opportunities for women and prioritize hiring women drivers.

SE solution: Ubiz Cabs is a registered company that provides on-call taxi services driven in the daytime by women and for security reasons driven by men at night. Women drivers are considered to be better on several fronts, including as more cautious drivers, providing a more courteous service, being timely, and less likely to rob or harass their clients. Similar to Uber and Lyft, Ubiz Cabs are called on demand or booked in advance through an app and have GPS systems through which the cars can be tracked. The vehicles are high-end, clean, with air conditioning and Wifi, and even provide bottled drinks for its loyalty members.

In addition to employing women drivers, Ubiz incorporates several safety features in its operations. Payments must be made by credit card or mobile money—with no cash payment, this reduces the taxis and passengers as targets for robbery. Cars are equipped with geo-location, another innovation to enhance security and discourage theft. The distinctive pink and gray color of the taxis help Ubiz stand out from the traditional yellow cabs (and clandestine taxis) and reinforces their branding of being a safer and different experience compared to other taxi services.

Results: Within its first six months, Ubiz operated 15 taxis and had thousands of orders. By early 2020, Ubiz had a fleet of 50 cars working day and night, with plans to continue expanding to 1,000 cabs. Of the SE models presented in this report, Ubiz is the most commercial venture. Although its social impact is limited since its clientele are not poor, it provides employment opportunities for women, many of whom may not have marketable skills and high earning capacity, in a field traditionally held by men, and addresses a key safety problem in Kinshasa given the high number of robberies and kidnappings. With Ubiz Cabs, parents feel comfortable having their child picked up and dropped off, and likewise women now have an option for travel free from harassment.

Kadiwaku Family Foundation: Empowerment of people with disabilities

Development challenge: The National Disability Federation estimates a prevalence of approximately 11 percent or 7.4 million persons with disabilities in the DRC, and the World Bank's estimates are even higher. The vast majority of these people live in extreme poverty (96 percent) and lack access to basic services (90 percent are illiterate). The DRC government provides little support, and the disabled poor are largely hidden from society and rely on support from their families and charities.

Kadiwaki Family Foundation (KFF) is an international non-profit with headquarters in the United States whose mission is to empower people living with disabilities. It is one of the international SEs that have a presence in the DRC and is scaling its operations.

SE solution: KFF is committed to expanding economic opportunities for people with disabilities through advocacy of their rights, training, and access to finance. In 2018, KFF launched its inclusive entrepreneurship program in the DRC to improve the entrepreneurial and management skills of young people with disabilities. The main goal is to create sustainable livelihoods for the disabled. To achieve that goal, KFF provides support at three levels:

- *Individual level.* KFF builds the capacity of people with disabilities to initiate businesses, acquire technical skills, and make healthy and productive life choices. KFF provides technical support to help disabled entrepreneurs obtain required documents for loans and connects

them with multifinance institutions and other investors. KFF also has a small pool of grants to finance equipment purchases for the disabled.

- *Ecosystem level.* KFF creates enabling conditions by providing safe co-working spaces with Internet access and set up to accommodate people with disabilities. KFF also supports networking events to help disabled entrepreneurs connect with each other and business experts to advise them, to help them bring their businesses to the next level. This community is developing an ecosystem of engaged stakeholders.
- *Societal level.* KFF organizes awareness and advocacy campaigns to give people with disabilities a voice and provide information on their rights, offer training to firms and government organizations on how to employ people with disabilities, and empower leaders from organizations for people with disabilities.

KFF uses digital technology to extend its reach. All of the beneficiaries are trained to improve their digital skills, and the awareness campaigns use social media with thousands of followers on Facebook and Twitter.

KFF's revenues are generated by grants (75 percent of the US$80,000 budget in 2018), fundraising (15 percent) and various contributions, including membership fees and revenues from corporate trainings, and so on. KFF plans to enhance its financial sustainability by expanding its lucrative corporate training programs and through public procurement contracts. Past experiences of public procurement include MONUSCO (United Nations) and the DRC Ministry of Social Affairs.

KFF partners with other SEs to provide holistic services to people with disabilities. For example, the East-Eagle Foundation produces affordable orthopedic equipment to equip KFF's beneficiaries, the NGO Femmes en Action supports business plans of women entrepreneurs who went through KFF's training, and local charities direct potential beneficiaries to KFF's centers. International SEs, including the World Federation of Deaf, International Federation of Hard of Hearing People, Handicap International and Echoing Green, also provided support.

Results: As of September 2019, KFF reached 957 disabled youth-owned startups benefiting from business incubation and other business development services. These startups across the DRC created 7,800 jobs. KFF has seven centers across the country and covers 26 provinces.

KFF plans to expand its operations to a total of 12 centers throughout the country. By 2025 it aims to enable 25,000 people with disabilities to participate in the market, either as an employee or a small business owner, by providing them with information, tools, training, business support, and networking opportunities.

Biamba Marie Mutombo Hospital: Accessible, high-quality health services for the poor

Development challenge: The DRC suffers from a lack of reliable, cheap, and quality health care for the poor. Despite gradual improvements in some key health indicators, two decades of conflict and ongoing insecurity have led to a significant deterioration in health infrastructure. Low financing for health and weak government oversight exacerbate service inadequacies, with

poor deployment of the limited resources that are available. Structural barriers to service access—distance, lack of transport, and prohibitive fees— combined with inequitable gender norms and harmful cultural beliefs, prevent service use, drive unhealthy behaviors, and further exacerbate poor health outcomes.

Dikembe Mutombo is a celebrated former National Basketball Association player from Kinshasa. He established the Dikembe Mutombo Foundation and donated US$15 million of the total $29 million required to build and start the operations of the Biamba Marie Mutombo Hospital, set up as a nonprofit organization.

SE solution: The Biamba Marie Mutombo Hospital opened in 2007 in Masina, one of the poorest and underserved areas of Kinshasa. Its mission is to improve the supply of health care in the DRC, with better quality, more compassionate, and hygienic care. The hospital offers modern facilities and equipment; a walk-in clinic; specialized clinics, including pediatric and gynecology departments; laboratories; emergency rooms; operating rooms; 300-bed capacity, including a 70-bed maternity ward; and an administration complex. The hospital is not yet used at full capacity, and it can increase the patient intake by 50 percent based on the number of beds and capacity of its labs.

The hospital offers health care access to low-income individuals at no cost or very low cost for medical procedures. Poor beneficiaries can use a walk-in option but most are referred by religious organizations and charities that treat simpler cases and refer complex cases to the hospital. The walk-in option is underused because only the population within walking distance can use it. Transportation to the hospital is often a constraint for getting treatment that the poor can rarely afford to pay. The hospital owns five emergency vehicles that are dispatched in emergencies, but the roadblocks and heavy traffic pose a challenge. In addition to providing general health services, the hospital runs specialized campaigns on fistula repair with support from the United Nations Population Fund and as part of a network of other SEs in the DRC, including Panzi Hospital.

The hospital developed partnerships to generate the revenues necessary to cover the cost of the treatment of poor patients. Creative solutions included providing seed money for a health cooperative, partnering with a microfinance organization and working with large local employers and insurance companies to put in place agreements for prepaid health care. Profits generated through corporate contracts are then redistributed to provide no cost or low-cost services to the poor.

The Mutombo Hospital currently employs 300 full-time and 60 part-time employees. The hospital continuously invests in skill building of its staff, 40 percent of whom are women. The hospital partners with the University of Kinshasa and accepts university students as interns. Finding good staff remains a challenge, especially specialized doctors and highly trained nurses.

Results: The hospital relied on donations for initial endowments but now fully covers its operating costs and small equipment investments. Major improvements, such as the new radiology lab sponsored by the Clinton Foundation, rely on donors. The hospital has provided treatment to more than 500,000 patients to date, 35 percent of them for free or on a subsidized basis. The fistula campaigns have been particularly successful. During the campaigns, the number of women treated increased from 6 per week to 40, and in 2019 a total of 1,220 women benefitted from surgical repairs.

Great Vision Business Holding: Paving the way to urban waste management

Development challenge: In 2008, Goma was a growing city of 600,000 people without a solid waste management system. As in most other cities in the DRC, a mountain of rubbish was almost everywhere. The same year, Joël Tembo Vwira started the first solid waste management in Goma because of his passion for his city and inspiration from other parts of Africa. He used his own funds and received equity funding from members of his own community.

The situation improved thanks to the efforts of social entrepreneurs like Joel and the commitment of the local government. In July 2018, a government decree was passed prohibiting the production, import, trade, and use of plastic packaging. The reuse of plastic bottles is not a new phenomenon in Goma. However, the reuse and resale of bottled water containers to be used for palm oil, honey, or even water of low-quality cause significant health problems, and cholera outbreaks are known in the eastern Congo. Beyond the issue of plastic water bottles, Joel has other ideas for tackling the elimination of large commercial waste.

SE solution: The initial effort started with the creation of the Business and Services Company to clean the city of Goma by improving solid waste management. The market opportunity was identified through a survey of 500 households and 50 businesses, and a study tour to Nairobi to learn about a business model for urban waste management. A waste collection plan for Goma was prepared in consultation with local stakeholders and presented to local authorities. An official dumpsite was organized, with help from the community, where solid waste could be sorted and recycled when possible.

To promote uptake of improved waste practices, an awareness campaign launched using radio drama, flyers, face-to-face meetings, and church seminars. The operations started with 13 households in August 2008, but in early 2009 more than 500 households and 20 companies used the service. Today, the company serves more than 1,000 households and 100 companies and employs 30 people.

Key challenges to the expansion of the business include infrastructure (poor roads and lack of dump and triage sites), lack of funding for equipment upgrading (especially large equipment such as dump tracks), and tightening competition. Business and Services Company paved the way to new market entrants and by 2016, about 10 other companies were collecting waste in Goma. The key clients for these companies are households and companies that pay for trash removal, and additional cost recovery sometimes comes from recycling.

To diversify into new markets and push the waste management agenda to a new level, Joel created a new company in 2016. Great Vision Business (GVB) is a limited company that focuses on recycling. GVB is a holding that builds on the solid waste collection market of the Business and Services Company. Waste recycling is a more complex operation because it requires sorting and bundling of waste, and in some cases shredding and washing. To acquire the required amount of waste, GVB focused on collection from organizations (schools and big companies) to supply recycling industries that needed waste as raw materials (paper, plastics, batteries, and so on). The

Business and Services Company continues to collect waste from households and works with communities to improve the sorting of waste, and GVB raises awareness about protecting the environment through proper recycling. The new law on plastics strengthened the business model of GVB. Since production and imports of plastics became restricted after 2018, local companies turned to recycling opportunities and by then GVB was running its operations. It also started to look for new sources of waste and won a competitive service contract with Société de Construction du Congo for street cleaning in Goma.

GVB Holding is an active participant in entrepreneurship ecosystems. GVB Holding runs the renowned startup incubator Kivu Entrepreneurs and is a member of Tearfund's Inspired Individuals program, the Creation Care Network, and Connective Cities network.

Results: GVB Holding now covers three locations in the DRC: Goma is the primary site and the company is expanding into the cities of Kinshasa and Lubumbashi. Over the years, 70 jobs were created by the Business and Services Company and GVB Holding, and one million beneficiaries were reached through the entrepreneurship programs (GVB uses the number of end beneficiaries of the incubated startup as a results metric). GVB recycles 2,001 cubic meters of solid waste annually and plans to increase this amount to 3,000 annually by the end of 2021.

AJDPC: Reintegration of former combatants in their communities

Development challenge: For nearly two decades, large-scale disarmament, demobilization, and reintegration programs operated in the DRC. These programs show that without sustainable livelihoods and community integration remobilization may follow, either as active armed groups target ex-combatants for forced re-recruitment or as ex-combatants remobilize in armed groups of their own choice.

SE solution: AJDPC stands for "youth action for sustainable peace and development (*Action des Jeunes pour le Développement et la Paix Durable* in French). AJDPC is an NGO that works with former combatants returning to their villages. Based in North Kivu, AJDPC was founded in 2003 as an informal CBO to help local villages reintegrate returning young combatants. In 2006, it registered as a nonprofit organization.

AJDPC partners with village chiefs who allocate land plots for agricultural activities. It recruits former combatants and provides them with housing, food, and training in exchange for labor. The former combatants (mostly youth) are trained on how to use modern agricultural and livestock methods. The produce is used as the food supply for participants and the excess is sold on local markets. Profits of US$7,000–10,000 per year are reinvested in the SEs' activities. AJDPC is a successful example of collaboration with all levels of government: local communities contribute with land and volunteers, and provincial government funded the expansion of activities using the Social Fund.

Results: AJDPC's success allowed it to expand operations across the province and reintegrate 600–700 former combatants per year. AJDPC reports that more than 90 percent of its beneficiaries become financially independent after six months of AJDPC's training. The SE created 6 full-time and 20 part-time jobs, and it employs 13 community volunteers.

Comparative Analysis: Balancing Social Impact and Financial Sustainability

The 10 cases have different development objectives and business models, but some early lessons and observations can be drawn from a comparative analysis (Table 7). In particular, the SEs provide insights into challenges and opportunities across the different sectors, including market demand, opportunities for scaling, and constraints related to external environment and organizational business models.

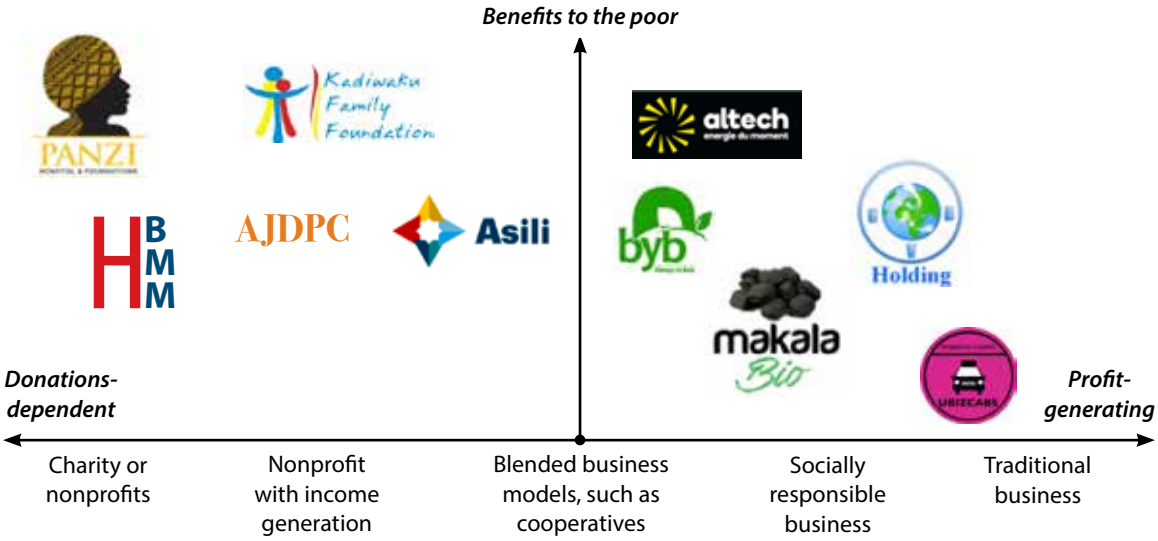
All 10 cases have a clear social or environmental mission anchored in the DRC's development challenges. Each of the SEs addresses market and/or government failures and was successful in providing quality goods or services to the poor (eight cases) and benefiting their communities through economic and environmental impact (two cases). However, there is a range in the extent to which the SEs focus on balancing social and economic returns (Figure 18): some, such as Panzi Hospital or AJDBC, prioritize service delivery to the disadvantaged, while others, such as Ubiz Cabs and GVB Holding, pursue a social mission that they align with profit opportunities. Although all the cases generated value for disadvantaged populations, the most direct benefits came from the SEs for which the poor are target customers.

Financial sustainability is possible, but it is difficult to achieve and takes time. Most of the SE cases struggle with financial sustainability even when it is loosely defined around the sustainability of the SEs' operating costs but not capital costs. One SE among the cases studied (Panzi Hospital) is not sustainable, while others (Biamba Marie Mutombo Hospital and KFF) heavily rely on donations for parts of their activities targeting the poor, need infusions to carry out capital investments, and face difficulties in retaining qualified labor for

TABLE 7. Comparative Analysis of the Social Enterprise Cases

SE Name	*Social Mission*	*Clear Business Model*	*Financial Sustainability*	*Scalability Potential*	*Value to the Poor*
Makala Bio	Reduction of organic waste and provision of affordable coal for the poor	✓	✓	+++	++
Altech	Affordable access to solar energy	✓	✓	+++	+++
Panzi Hospital	Care for GBV victims			+	++++
Asili	Improvement of health and livelihood outcomes in rural areas	✓	partly	++	+++
Bilanga Ya Betu	Crop diversification and food security	✓	✓	++	+
Ubiz Cabs	Employment opportunities for women and safe transport	✓	✓	+++	indirectly
Kadiwaku Family Foundation	Social and economic empowerment of people with disabilities	✓	✓	+++	++++
Biamba Marie Mutombo Hospital	Affordable, accessible, and quality health service for the poor		partly	++	++
Great Vision Business Holding	Solid waste management and recycling for cleaner cities	✓	✓	+++	indirectly
AJDBV	Reintegration of former combatants and rebels through sustained livelihoods	✓	partly	+	++++

FIGURE 18. Business Model Versus Social Impact of the Social Enterprise Cases



below-market salaries. SEs that manage to integrate public good objectives (such as waste management) and market needs (demand for waste collection from businesses and households, and demand for recyclables from corporations) achieve growing revenue streams (GVB Holding). Financial sustainability requires a tough balancing act, tough choices, and diversification of revenue streams, which can lead to internal tensions and undermine the SE's original social purpose. Many SEs have non-paying poor beneficiaries who are cross-subsidized through sales or service contracts with large corporations and/or higher-income individual clients. Only a handful of cases feature examples of where SEs have won public procurement contracts and, even then, they constitute a minor share of revenues.

Lack of access to financing, especially for capital investments, restricts growth. All the SEs have constraints accessing funding. The clarity and focus of the business model have a positive effect on financial sustainability, and partnerships have important value in generating external financing. The timeline for reaching financial sustainability was much shorter for SEs that had initial endowments that subsidized the cost of setting up initial operations: either donations (Biamba Marie Mutombo Hospital, KFF) or personal investments of entrepreneurs (Makala Bio). Seven of the ten reviewed cases reached financial sustainability to operate and could expand their operation in their current locations or replicate in new places, but they face a high barrier at entry in terms of capital investments required for scaling up. For AJDPC, government partnerships also contributed to its expansion.

Given the DRC's large market size, the potential to scale should be quite high, yet few SEs have been able to scale significantly. SEs that originate from individual social entrepreneurs are more likely to be in areas closest to their immediate markets, such as off-grid energy, solid waste recycling, and private transportation. In these areas, the benefits of the products mainly accumulate to the individual and therefore have high scalability, particularly in the large DRC market.

NOTES

1. World Bank's Database 2000–2017 Access to Electricity (% of Population) – Congo, Dem. Rep. Sustainable Energy for All.
2. See https://www.aiga.org/cased-2015-winner-asili-clinic-agriculture-congo.

IV. Objectives for Government Support and Involvement

The three main objectives presented for focusing government support and involvement with SEs are addressing service delivery gaps, creating employment, and promoting decentralization and community-based development.

1. Address service delivery gaps

A key objective for supporting the SE sector in the DRC is to mobilize SEs to fill immediate gaps in access to basic services.

Why could this work in the DRC context?
SEs are rapidly emerging to respond to persistent gaps in service delivery with products that are adapted to and affordable for the poor. Moreover, SEs are doing so across a range of basic services, including energy, agriculture, health, livelihood development, water and sanitation, education, and financial services. Given that SEs are becoming increasingly present and diverse across the country, policy makers that face service delivery gaps can leverage infrastructure and the expertise of existing SEs to support the emergence of new SEs.

How have SEs helped in other countries?
Cooke and Downie (2015) call for diversifying partners in FCVs; service delivery, therefore, often draws on the capabilities of private actors, such as the private sector, NGOs, religious organizations, and community groups. SEs may be another type of service delivery organization well suited to FCVs. SEs can offer innovative approaches to effectively deliver quality services and create behavior change in fragile states that need a source of innovation to rebuild a fractured service delivery system. Externally funded interventions in fragile states are typically top-down in nature, bringing an influx of immediate resources and initiatives, with little time for country analysis and downstream capacity building. The timeframe for this type of support is usually limited, but the results are short-lived. Evidence suggests that a better approach is to start small and scale up, allowing for interventions to gain traction, build absorptive capacity, and gain a deeper understanding of what works (Cooke and Downie 2015). SEs can be an effective way of doing so, given that they are often nimble, have a trial-and-error period before their business model is refined and ready for scaling up, and their operations are anchored in local context and often designed and implemented with participation from local communities. Partnerships with SEs, who innovate at the "poverty frontiers," could allow governments and donors to learn from their experiences and invest wisely in proven solutions.

How can the DRC government support SEs to achieve this objective?
The section highlights some of the contractual arrangements and relevant global experiences that have been deployed to engage with SEs to

deliver on basic services. Appendix F provides a more in-depth perspective on the DRC procurement context and options.

Contracting services

There is widespread acceptance that some social services can be contracted out or delivered by communities in the transitional stages of reconstruction in fragile states. When the capacity of government institutions is overstretched, outsourcing could be a cost-effective way of providing basic services in a timely manner. The government can play an active role in contracting out services that are most relevant to reconstruction and transition. Governments should identify priority development areas to contract out to SEs: in this case, the government can assume a role of a steward rather than the primary deliverer of basic services.

In contracting out, it is important to provide both autonomy and accountability to private actors. Two prominent country cases in health illustrate this importance (Baird 2011). The Ministry of Public Health in Afghanistan successfully contracted NGOs to deliver priority health care services after the fall of the Taliban in 2002 when the provision of basic health care services was low and health outcomes were poor. NGOs were selected competitively, with credible sanctions for poor performance.

As a result, the number of functioning primary health care facilities increased 136 percent from 2002 to 2007 and the number of outpatient visits increased nearly fourfold from 2004 to 2007. Independent assessments confirm that the quality of health care and health outcomes also improved significantly over this period, despite a worsening security situation. The success of the contracting model depended on high-level political buy-in from the Ministry of Public Health and the Ministry of Finance and the willingness of government officials to avoid micro-managing the process.

On the other hand, contracting out basic health services has not worked as well in the DRC. Challenges included the government's reluctance to delegate responsibility to NGOs, the state's emphasis on central control, and poor coordination between the Ministry of Finance and Ministry of Health. These institutional and governance issues need to be addressed regardless of the modality of service delivery.

Pay-for-performance (P4P)

P4P is a variant of contracting out. In this case, governments and donors do not pay for inputs but engage SEs in public service delivery through P4P, including performance-based financing or performance-based contracting, an innovative approach that incentivizes the SEs' performance in the provision and scaling-up of quality services. P4P is mostly adopted in post-conflict settings with a relatively stable enabling environment, as opposed to highly politicized and conflict settings, due to the high level of auditing and monitoring systems required to ensure the reliability of reported results.

Pavanello and Darcy (2008) identify several advantages of the P4P approach in fragile states, including improving government leadership, strengthening institution building, and reinforcing existing services by addressing the dysfunctional incentives that reported on inputs rather than outcomes. P4P can also include service users in assessments of service quality to make them aware of what level of service they should be receiving, effectively introducing a tool for accountability.

The contracting system in Afghanistan's health sector is based on the P4P approach. The Ministry of Health contracts one NGO for each province to implement a Basic Package of Health Services (BPHS)—maternal and newborn health, child health and immunization, public nutrition, communicable diseases, and the supply of essential drugs—at

the primary health clinic level. After a competitive bidding process, the Ministry awards a lump-sum contract to an NGO to achieve predetermined performance goals. If the NGO works well it receives a bonus; if not, its contract is ended and another NGO is appointed for the province. This system is working well, not only in terms of building national capacity, as the stewardship function remains in the Ministry of Health's hands, but also in terms of addressing immediate needs and scaling up health services. From 2002 to 2006, the percentage of the population with access to basic health services increased from 5 percent to nearly 80 percent (Newbrander 2007).

In 1999 in Haiti, USAID introduced a P4P approach to improve the effectiveness of Haitian NGOs in targeting health outcomes. If NGOs failed to attain performance targets by a defined period, they would lose 5 percent of the budget under the contract, but if they succeeded, they could earn 5 percent more than the budget. Seven indicators were selected to measure performance, and a third party was contracted to measure a baseline and an end-of-period performance. This approach succeeded in significantly raising immunization coverage and in increasing the usage of contraceptive methods. Moreover, the focus on results and possibility of earning bonuses inspired NGOs to question their models of service delivery and encouraged experiment and innovation, which included greater efforts to involve the community (Pavanello and Darcy 2008).

Since financing can be a key stumbling block for SEs to scale their operations, impact bonds are an emerging P4P tool to harness private financing for scaling the impact that an SE can make. Under an impact bond arrangement, the government (or other payor), will repay an impact investor (or other financing entity) for its upfront financing of an SE to expand the enterprise's operations and thereby achieve social impact. The payments to the impact investor are based on the achievement of a measurable objective, such as the number of schoolgirls educated or reduction in child mortality. The financial and implementation risks are principally borne by the private sector, with the government only paying for results achieved and verified by a third party. This arrangement creates incentives for the financing entity to help the SE improve the efficiency of its operations to achieve results faster and hence recuperate the investment more quickly. These approaches could similarly be applied to SEs delivering services in FCVs.

Preferential public procurement

Preferential public procurement for service contracts take into account social and environmental well-being in connection with value for money. The objective is to incentivize public sector collaboration with SEs and work jointly to maximize social and financial return on investment. Measures include preferential treatment for SEs when bidding for public service contracts (such as automatic shortlisting) and quotas for SE contracts (such as 25 percent of public service contracts awarded to SEs). Preferential public procurement can support and direct public spending toward SEs. As a result, it allows the government to act as an "anchor buyer" for inclusive businesses, helping them to build capacity and create reliable demand.

Factors and steps that governments should consider when prioritizing their approach to inclusive business-oriented public procurement include (World Bank 2016):

- Start with a small range of prioritized products and services with a clear impact on the poor. For example, select products or services for which the poor are highly represented as suppliers or consumers.
- Assess whether government spending in the targeted sectors, products, or services

is significant enough to impact market demand and thereby change the behavior of entrepreneurs.
- Consider the availability and cost of SE alternatives and confirm they are in line with applicable public procurement rules and principles.
- Consider the availability of data on SEs and the level of effort required to identify businesses that fit the policy's criteria.
- Consider the capacity of the contracting authority to put into action an effective and efficient inclusive business procurement strategy.

Competitions and challenges

Competitive funding (grants) can help the DRC government identify and support SEs from the concept stage to the design and scaling-up of business models. Prizes and challenge funds can also attract mature SEs with proven delivery models to replicate their solutions in fragile contexts. For example, from 2011–2016, the World Bank's Development Marketplace in India supported the implementation of the government's service delivery agenda by identifying and supporting a portfolio of inclusive innovations that could be scaled through World Bank Group operations and government programs. A small pool of funds (US$7 million total) allowed the World Bank's program in India to:

- Surface 46 inclusive innovations developed by social entrepreneurs and support their replication and scale in nine of the poorest states of India. Individual social entrepreneurs received grants of US$50,000–$150,000 000 (from a total grant pool of US$4.85 million) and customized support for their capacity development.
- Systematize evidence and support diffusion of the most impactful solutions through rigorous monitoring and evaluation, case studies of inclusive innovations, and organized South-South learning events to support knowledge sharing and adoption among social entrepreneurs.
- Support government dialogue through ecosystem diagnostics, an SE survey, policy research, and multi-stakeholder dialogue around key drivers for social entrepreneurship in India.

Over five years, the Development Marketplace program in India achieved significant results that were captured through systematic M&E:

- The 46 grantees reached 566,503 beneficiaries during the grant period. This includes more than 350,000 women, 30,000 farmers, more than 32,000 schoolchildren, and at least 25,000 youth. The program supported more than 3,000 entrepreneurs, 90 percent of whom were women.
- All 46 SEs are still operational more than five years after the grants. Some are scaling up nationally and internationally and benefiting more than 15 million people to date.
- Grantees scaled up through the partnerships with the government and impact investors, raising more than twice the sum of the initial Development Marketplace funding in the two years after the grant allocation.
- Eighty percent of the grantees offer training programs to community workers, youth, and women in remote locations, creating income potential and supporting new entrepreneurs.
- Since the Development Marketplace program, the government of India has adopted several policies that support social entrepreneurship. The "Report of the Expert Committee on Innovation and Entrepreneurship" (NITI Aayog 2015) recognizes the importance of SEs. The Ministry of Skills Development and Entrepreneurship set forth the "National Policy on Skill Development and Entrepreneurship 2015," which includes social entrepreneurship as a key pillar.

2. Deliver services to support decentralization and community-based development

Another objective of supporting the SE sector would allow the DRC government to partner with SEs not only to expand access to basic services, but also to improve their quality and inclusiveness, drawing on SEs' engagement and connection within local communities.

Why could this work in the DRC context? Decentralization provides a window of opportunity for collaboration with SEs by disrupting the old lines of authority and allowing new actors to enter the market. When service delivery is devolved to the local level, local governments have greater autonomy in being able to contract directly with private providers, which include SEs. This can bring local partners together, add to competition in public contracting, and make service providers more responsive to clients' needs.

How have SEs helped in other countries? Capacity gaps within local governments are cited within the literature as one of the main challenges faced by states undergoing decentralization of services (Chitere and Ireri 2004; Oyaya and Rifkin 2003). Regions with the lowest levels of existing public service skills are likely to be those that have the hardest time attracting skilled personnel, given their overall remoteness, lack of mobility prospects, and weak incentive systems. Working through SEs may mitigate some of these capacity gaps, given that oftentimes higher-trained staff are employed locally by SEs. Another factor that often weakens the decentralization process is low levels of citizen participation (Muriu 2013; Chitere and Ireri 2004; Oyaya and Rifkin 2003). By being rooted in local communities, SEs could help to facilitate citizen participation in the process of devolution and ensure that services are accountable to local constituents. For example, Newcastle, Britain enabled communities and citizens to be more fully involved in local decision-making by supporting the development of SEs, community interest companies, and co-op models to deliver services through co-operatives and mutual financial organizations (Blond and Morrin 2015).

For governments facing immediate service delivery gaps, working through existing SEs is likely to be more cost-effective than trying to deliver or expand new public services. Such an approach allows governments to leverage the human resources, capacity, and existing infrastructure of the SE sector. For example, according to the IFC, using off-grid, distributed water services (a common SE approach) has the potential to lower government capital costs of investments in grid-connection infrastructure, increasing the cost-effectiveness of serving rural consumers (IFC 2011).

The same holds for the energy sector—off-grid, low-cost connections can transform access to electricity access. In the case of health care, the example of GVK EMRI in India demonstrates how an SE can help when there is a critical service delivery gap. GVK EMRI was established when the founders experienced a lack of emergency and ambulatory services. Today, GVK EMRI provides emergency management and ambulatory services across 15 states and 2 union territories through a PPP model, with an average of 3,575 ambulances providing 23,913 dispatches per day (GVK EMRI 2015). Rapid scaling up of the model was driven both by political interest and evidence on cost-effectiveness (Access Health International n.d.). Similarly, SE Riders for Health partnered with the Gambian government to provide transportation management for the health system. The PPP model produces "a highly reliable and cost-effective national network" with only two negligent breakdowns over seven million kilometers to date (World Bank 2013).

How can the DRC government support SEs to achieve this objective?
Governments can facilitate the ability of SEs to deliver services in a decentralized state by creating legal forms for SEs, including SEs in the PPP and procurement frameworks, and supporting consumer finance (Table 8).

Conditional cash transfers (CCT)

Several countries implement national CCT schemes to reduce barriers to critical services for the poor. SEs may be a way of providing the supply to meet the demand generated by government CCT schemes.

3. Create jobs and promote equity in employment

In this objective, the DRC government may see SEs as a long-term investment in socio-economic returns and inclusive growth.

Why could this work in the DRC context?
The totality of the workforce of Congolese SEs is hired from local rural or low-income communities, which often suffer from high unemployment and underemployment. The data collected as part of this report show that SEs create formal jobs, provide training and

TABLE 8. Improving Policy and Regulations

Approach	*Country Examples*
Creating a specific legal form(s) for SEs	• United Kingdom: Community Interest Company (CIC), Company Limited by Shares (CLS), Company Limited by Guarantee (CLG), Charitable Incorporated Organization (CIO) • Italy: Social Cooperatives, and SE Ex Lege • South Korea: SE – certification from Ministry of Employment and Labor • Poland: Social Cooperatives, and SE (in progress) • Vietnam: revision of the enterprise law to include regulations for SEs
Including SEs in the PPPs and public procurement frameworks	**Regulations easing SE procurement** • UK Social Value Act (Public Services Act) 2012: requires all public bodies in England and Wales to consider how the services they buy might improve the economic, social, and environmental well-being of the area; created opportunities for SEs to deliver services directly or to be included as sub-contractors in the supply chain (British Council 2015). • Scotland Procurement Reform Bill **Models for procurement** • UK National Consortium of SEs (NCSE): network created to add more SEs in public service commissioners' supply chains • Scotland Developing Markets Programme: designed to open public sector markets to SEs and the wider third sector
Consumer incentives	Consumer incentives drive demand for SE services and also give the power of choice to consumers and promotes competition among providers. Consumer incentives can also promote and facilitate usage of SE services by reducing financial burden on the beneficiary through direct government subsidies for dedicated programs (such as education services for children with learning disabilities). **End-user subsidies** Certificates of government funding usually allow beneficiaries to fully or partially cover for services. In some cases, the certificates can be used to reimburse expenses. • The South Korea Ministry of Health and Ministry of Education implemented a voucher program for welfare services to finance customers in purchasing welfare services. **Conditional cash transfers (CCT)** Several countries implement national CCT schemes to reduce barriers to critical services for the poor. SEs may provide the supply to meet the demand generated by government CCT schemes.

support to their workers, and often hire the most disadvantaged and youth not in school and not productively employed. Engaging local communities in the SE production function allows actors to reduce cost, build support and ownership at the community level, solve the issue of skills shortage, create additional purchasing power at the community level, create the demonstration effect, and form a new generation of local entrepreneurs. As a sector, SEs can help the DRC government reduce costs associated with un- and under-employment and generate broader socio-economic returns.

How have SEs helped in other countries?
The SE sector provides a platform to both create jobs and increase equity in the job market by exercising equal pay, engaging women, and providing training and employing vulnerable groups—including the long-term unemployed or those with physical or mental health issues. SEs view the poor as participants, not beneficiaries (UNDP 2014). SEs are more likely to hire and procure locally and provide training opportunities to their employees (IFC 2014). This is most frequently found in SE business models that incorporate franchising, direct marketing, local production, and/or local distribution (Hammond and others 2007). A 2015 British Council report found that 50 percent of SEs in Ghana were founded or co-founded by women (Darko and Koranteng 2015). In India, 51 percent of surveyed SEs strive to create employment in underserved areas, and 32 percent seek to improve the livelihoods of low-income producers (Intellecap 2012).

SEs may have advantages in building self-efficiency, economic empowerment, and leadership skills (UNDP 2014). Literature on social innovation, highly related to SE, indicates that social innovation is more likely to recognize latent value, including "the value of resources—such as people's knowledge, labor, so-called waste products and communities' capital—typically discarded or ignored by mainstream systems" (Mason and others 2015). In the United States, 90 percent of persons employed by SEs received job training, 56 percent were still employed in the job a year later (as compared to 37 percent who were supported by traditional job placement services), and employees saw a 268 percent increase in income and a threefold increase in housing stability (Maxwell et al. 2015).

For example, the Korea SE Promotion Agency classifies SEs into five types according to their social purpose: job creation type, social service provision type, mixed type (job creation and social service provision), local community contribution type, and other types. By including job creation for "vulnerable groups" as one of the criteria of an SE, South Korea attempted to use SEs as a platform to create equitable jobs in the country. However, evidence on the effectiveness of policy support is limited. Even when dedicated policies are adopted for job creation by SEs, their effectiveness is difficult to assess because the baseline data on the SE sector are often missing. Impact evaluations of public policies affecting SEs are extremely rare.

How can the DRC government support SEs to achieve this objective?
Governments can also encourage the growth of SEs that create jobs with the explicit purpose of employing low-income people that face multiple barriers to employment (Javits 2013). New evidence indicates that SEs, particularly in the form of cooperatives, achieve employment growth at least level with other types of organizations and also create good quality jobs (Eurofund 2019). SEs demonstrate more resilience to structural and cyclical economic changes than traditional SMEs.

To seed more SEs and inclusive jobs, the government can take steps in the immediate future

to develop a more supportive SE ecosystem. In the financing area, and as mentioned above, the government can launch competitions and competitive grants to generate ideas and also to raise awareness of pursuing social entrepreneurship. As in other countries, these competitions can be done with universities, which often develop the needed coursework to support social entrepreneurial skills. Government-facilitated exposure to international SE competitions and funding could raise the DRC's profile as a country with strong investment potential for promising SEs. International exposure will also improve the professionalization of the DRC's SEs, as they make their social businesses more impact-focused with sound financial management practices and become competitive for grants. The government can also help with this capacity building by encouraging incubators and other enablers to take on SEs as clients. Additionally, growing a network of SEs, which can be done through events or enablers, will help new SEs come on board, learn rapidly from each other, and advocate for their collective needs.

Governments can attract more employment in the SE sector by strengthening the overall business and support environment for the non-public sector as a whole—whether NGOs, CBOs, FBOs, cooperatives, or SEs that function as for-profit businesses. As well, governments can support alternatives by working with universities to promote entrepreneurship as a career path and building demand for SE services directly through government social procurement.

"Professionalization" of cooperatives and NGOs can contribute to the growth and maturity of the SE sector, but this requires capacity development support from enabling agencies, especially to delivery training programs (to develop their fiduciary and management capacities) and to accredit those that are ready to help local communities. Several examples of training and accreditation programs exist. Governments that create a more enabling legislative and regulatory environment for cooperative growth help improve business management and corporate governance for growth strategies. More emphasis must be placed on improving the capacity of cooperatives to provide quantitative and qualitative data and best practices from their work.

V. Conclusions and Recommendations

Conclusions from the Social Enterprise Sector Analysis

As demonstrated by examples from other countries and the literature review, SEs could support the DRC's development in many ways:

- *SEs can help fill the gap in public service provision.* As shown by the experiences of Makala Bio, Altech, Mutombo Hospital, and Panzi Hospital, SEs can expand the coverage and improve the quality of much-needed services to disadvantaged populations at an affordable cost. SEs can also improve the cost-efficiency of service provision through public-private collaboration (for example, GVB Holding waste management solutions).
- *SEs can improve communities' economic and social cohesion.* SEs can provide social and economic benefits through community-based development (Asili) and integrated services to vulnerable populations (Panzi Hospital). They can generate formal, quality employment for populations that are not fully engaged in the labor force or employed in unproductive informal jobs.
- *SEs can improve employment opportunities for marginalized persons.* SEs can help integrate youth (AJDBC), women (Ubiz Cabs), rural populations (Bilanga Ya Betu), and people living with disabilities (Kadiwaku Family Foundation) into the labor force by building their skills and providing them with livelihood opportunities.

The data collected demonstrated an increased SE activity in the DRC and their capacity to attract local talent to solve pressing social problems. Consultations with stakeholders also concluded that SEs have the potential to serve as long-term partners to the government in providing services to the underserved, improving the function of existing public services, and contributing to broader socio-economic development.

Despite the promise of SEs to become an important driver of social and economic development, they face significant hurdles in achieving their full potential in the DRC. Although the number of SEs are growing, they are still at the early stages of development and face internal (organizational capabilities) and external (ecosystem) constraints to growth.

Most of the Congolese SEs are at the early growth stage, and few exhibit meaningful scale. The bulk of the mapped SEs are small, rarely have specific growth plans, and are not actively using innovation and technology in their operations. These findings are confirmed by SE stakeholders, who note a limited scale of operations and a weak pipeline of saleable or "investable" deals coming from the SE sector. The barriers to growth often stem from the

lack of managerial experience of how to run an SE, shortage of technical skills among employees, unsustainable business models, weak governance, and limited use of technology. Many social entrepreneurs lack formal education as business people, have limited knowledge about social entrepreneurship, and are not exposed to a community of mentors. Labor skills pose problems even for large, profitable companies operating in the DRC. SEs are particularly affected because they cannot compete on wages and often operate in areas where skilled labor is not available. SEs often invest in on-the-job training of their employees, and labor upskilling is one of their key impact areas.

However, this is often costly and time-consuming and puts an additional strain on SEs' business models. Financial sustainability is the weakest point of most of the SEs interviewed in this study. Access to finance is a challenge, in part because SEs have weak financial management, lack of clarity regarding their business model, and little experience in taking to potential investors. Despite these difficulties, most SEs operate as formal organizations. Finally, Congolese SEs are not making full use of modern technologies, which limits their productivity and potential for scaling up.

SEs in the DRC face many challenges related to constraints in the four ecosystem areas:

- *Policy and regulation.* Current regulation limits the emergence of business models with a "triple bottom line." As companies, SEs are exposed to corporate taxes, which affect their financial viability. As nonprofits, they are limited in the choice and scale of revenue-generating activities.
- *Financing solutions.* Access to government programs, including public procurement, has a lengthy application and decision-making process that often lacks transparency. Commercial loans are difficult to secure because SEs rarely have collateral, and in most cases have small profit margins, if any. Donors, impact investors, and philanthropies provide funding to SEs, but options are limited and not reliable over the long run.
- *Infrastructure and human capital.* The DRC lacks education programs for social entrepreneurs as well as mentorship and incubation programs that could support inexperienced social entrepreneurs through their first ventures. Distances, transport costs, and isolation also play a large part in making the operations of many SEs—as well as other actors—difficult and costly.
- *Information and networks.* Credible information about the DRC SE sector is largely unavailable. The database created as part of this report is the first. Media coverage of the SE sector is rare, and few celebrated cases of SEs could stimulate interest from the private sector and citizens. Some strong stakeholders in the SE ecosystem provide support to SEs, but they do not form a cohesive support system for the sector. SEs are not organized, and their voices are rarely represented in public-private dialogue.

Next Steps

While COVID-19 continues to disrupt routines, what is needed are new products, services, and ways of living. Social entrepreneurs can combine the intent of achieving the public good with the business effectiveness and creativity of private enterprise—there is potential for achieving the best of both worlds. There are options to consider, strategies to flesh out, further analysis to carry out, and detailed feasibility to be studied. And further consultations to take place. The lessons from this report need to be applied in the context of development policies and operations in the DRC—starting small and scaling up.

Although comprehensive policy approaches to support the SE sector are rare, a wide range of instruments can be deployed to support the outlined scenarios. Only a handful of governments (such as the United Kingdom) adopted the legal or operational definition for SEs and have dedicated government bodies responsible for SE policy formulation. Ideally, a more comprehensive approach to developing the SE sector will have the most gains. However, for the DRC at this stage a key step will be to engage government officials to recognize the value SEs can make to inclusive growth in the DRC. The dissemination of this report hopes to contribute to that objective.

In addition to socialization on the topic, piloting public sector-SE collaboration under each of the objectives can help deliver timely results that also showcase the impact.

Objective 1: Address service delivery gaps

Expand the development impact that SE generate by deploying public procurement tools to engage with SEs, including using social procurement—which incorporates social and environment benefits into the bid evaluation or P4P—to recognize and encourage the social benefits generated. Identify SEs that can be used to address specific service delivery challenges and develop procurement contracts that incorporate social metrics to improve value for money. Increase knowledge on the part of development policy makers and practitioners on good practices for collaborating and supporting the sector. This may best be done on a pilot basis in World Bank-financed operations that can demonstrate how to contract with SEs. High potential sectors where this could be piloted include improved access to clean water and sanitation, waste upcycling, and off-grid energy access.

Objective 2: Deliver services to support decentralization and community-based development

For governments facing immediate service delivery gaps, working through existing SEs is likely to be more cost-effective than trying to deliver or expand new public services. Such an approach allows governments to leverage the human resources, capacity, and existing infrastructure of the SE sector. Governments can facilitate the ability of SEs to deliver services in a decentralized state by creating legal forms for SEs, including SEs in the PPP and procurement frameworks, and supporting consumer finance.

Objective 3: Create jobs and promote equity in employment

Recognizing that SEs have highly inclusive employment practices, a key objective will be to increase the number of new SEs and the quality of their operations. This can be achieved by engaging existing or encouraging new enabler organizations or educational institutions to deliver training or support services to budding SEs. In hand with support services, efforts are also needed to improve financing options for SEs throughout their entrepreneurial journey, from ideation grants to impact financing. Donors can play a role in this by sharing international lessons of experience, providing a safe space for collaboration between social entrepreneurs and the public sector, helping reduce market and institutional barriers to social entrepreneurship, and using donor funding for creating local markets for service delivery through support for social procurement and franchising.

This report will be used to prepare World Bank strategies and operations targeting social entrepreneurship, financial inclusion, and sustainable service delivery. The report will also be of use for engaging in policy dialogue with the private sector and the DRC government. ■

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Appendix

Appendix A. Typology of Social Enterprise Organizational Forms and Ecosystems

SEs are hybrid organizations in which business and public good both constitute core functions. To best encapsulate what makes an organization a SE, we will compare their core characteristics to those of purely for-profit enterprises (FPEs) and purely charitable organizations. FPEs have a singular mission to maximize profits, or, equivalently, to maximize shareholder value in financial terms—whether or not the enterprise is publicly listed. By contrast, charities, or pure non-profits, have a singular mission to maximize the achievement of some public good. In contrast, SEs commit to dual missions of financial success and some level of social impact. This necessarily involves a tradeoff. Table 9 presents a simple categorization, allowing SEs to be legally not-for-profit or for-profit, provided they satisfy the criterion of their hybrid goal structure being intrinsic to their mission.

We can think of SEs as falling on a spectrum ranging from maximizing profits subject to a constraint that is socially conscious to maximizing mission achievement subject to a constraint of financial sustainability. The exact cutoffs on either end of the spectrum are subject to debate. However, most SEs leverage a market-based business model for the purpose of achieving a social mission. Purpose here is the operative word: to fulfill the social end of the "SE," the organization should hold an active

TABLE 9. Simple Taxonomy of Social Enterprise Types

Beneficiaries	*Charities and NGOs*	*Non-profit SEs*	*For-profit SEs*	*Purely profit-maximizing enterprises*
Source of current income	• Donations and grants	• Sales of products and services • Subsidies	• Sales of products and services	• Sales of products and services
Source of capital income	• Donations and grants	• Impact investors • Donations and grants • Concessions	• Private equity • Impact investors • Commercial capital	• Private and public equity • Commercial capital
Use of income	• Expenses • Social and political purposes	• Expenses • Cross-subsidization • Re-investment	• Expenses • Social and environmental causes • Return to owners	• Expenses • Return to owners
Examples	• Pratham • Amnesty International	• Aarong, Raichita • Root Capital	• Financiera Sustentable	• Apple

Source: Modified from Choi and Gray 2011.

Appendix A, continued

intent in their core activities that achieves the social purpose. Organizations that allocate a modest share of their profits to social goals that are peripheral to their mission via CSR initiatives are not considered SEs. Indeed, CSR initiatives are often conceptualized in terms of their contribution to profitability goals, via their impact on image and reputation (Besley and Ghatak 2007). Similarly, companies that bring social gains to the poor as a byproduct of their core profit-making activities are also not considered SEs. Private profit-making enterprise at the "bottom of the pyramid" is a undoubtedly often a good thing, as it leads to production of essential goods and services aligned with the interests and consumption patterns of the poor—and these may also increase employment for poorer groups (Prahalad 2004).

There is no one-size-fits-all approach when it comes to appropriate legal frameworks for SEs (Triponel and Agapitova 2017). A range of factors influence the preferred approach for a specific country, including the extent to which social entrepreneurs emanate from the non-profit or for-profit sectors, the objectives they seek to meet with SE and views on the appropriate balance between protection of the SE's mission and attracting "impact investors" or "patient capital" (whereby shareholders are rewarded for investing in SE with some limited dividends). The entry point relates to defining the role of SE in a particular country and determining the type of support that will likely be available to guarantee an enterprise's long-term sustainability.

Because of their hybrid nature, SEs face significant obstacles in growing their activities to a scale where they can substantially contribute to achievement of the SDGs. SEs often face additional difficulties not faced by mainstream enterprises (Smith and Darko 2014). These include:

- Limited access to appropriate capital. While this is also true for small and medium enterprises (SMEs), early-stage capital is even scarcer for SEs. SEs often struggle to secure available funding because they do not meet conventional banking or investor requirements due to the hybrid nature of their business models (Intellecap 2012).
- Volatile markets. SEs take on additional risk by catering to a customer base that often has limited resources (for example, the elderly) and/or is not aware of the value of services offered (for example, preventive medicine).
- Legal and regulatory constraints. The lack of clear legal status for SEs and procurement frameworks for public contracts can limit their ability to secure both government funding and investment capital.
- Capacity constraints. Many SEs face capacity constraints due to the dual nature of their business model, limited financial resources, and lack of qualified human resources (including management).

The severity of the SE constraints depends on the maturity of the SE ecosystem. The reviews of ecosystem conditions in 42 countries identified key factors affecting the stages of development for SE ecosystems globally (World Bank 2016; Navarrete and Agapitova, 2017):

- The degree of government recognition of the SE sector (existence of shared legal and/or operational definition of SEs) ranges from SEs being largely absent from the government agenda to sophisticated legal and operational definitions that are reflected in official documents.
- The degree of government support to the SEs and their ecosystem (direct and

Appendix A, continued

indirect measures) ranges from SEs operating under the government radar to holistic, long-term strategies of government support to the SE sector.

- The presence of enablers (supporting organizations that facilitate SE activities through capacity development, facilitation of public-private dialogue, information sharing, market creation, funding, coordination of SE sector, and so on) ranges from limited availability of support options to a wide range of offerings from a variety of organizations, including government.
- The policy framework (along with the other ecosystem factors) influences the level of activity of SEs, reflected by the number of active SEs and size of their operations. In the reviewed sample of countries, the level of SE activity ranges from very few and mostly foreign-owned and foreign-operated SEs to a self-organized, dynamic sector of highly performing and innovative SEs that becomes a recognized social and economic force in the country.

The nature of the government partnership with SEs varies broadly across the world: from early-stage forms of isolated examples of collaboration to comprehensive policies and programs that adopt a holistic view of the SE sector. For example, the U.K. and U.S. governments see in SEs an opportunity to improve the provision of public services in terms of reach and quality, and at the same time create additional high-quality jobs (Table 10). Bangladesh has been a global pioneer of SE since the 1970s, thanks to government partnerships with organizations such as BRAC and the Grameen Bank.

TABLE 10. Various Categories of Social Enterprise Ecosystems by Stage of Development

Category	*Early Stage*	*Emerging*	*Growing*	*Mature*
Country examples	Ethiopia, Nigeria, Rwanda	Colombia, Egypt, Kenya, South Africa, Morocco	Chile, India, Malaysia, Poland, Thailand	South Korea, United Kingdom, United States, Canada, European Union
Recognition	No legal form for SEs	No legal form for SEs	Legal form for SEs created or in process of creation	Legal form for SEs created
Support	• No policies or regulations for SEs • SME, NGO, and cooperative policies available	• Political will to support SEs or social innovation • SME, NGO, and cooperative policies available	Policies and regulations for SEs	National strategy or policy for SEs with large range of tools and programs to support them
Enablers	• Donor-driven support to SEs • Some private organizations (such as universities and foundations) support SEs	Growing number and variety of organizations supporting SEs, including donors	Ecosystem stakeholders are forming networks that are locally driven and might be supported by donors	Include public agencies and form an interconnected ecosystem that includes public and private actors
Level of SE activity	Presence of SEs as NGOs, cooperatives, or companies in some sectors or geographies		Widespread presence of SEs in multiple sectors or geographies	Extensive and organized SE sector

Source: Adapted from World Bank 2016 to the current status of various ecosystems.

Appendix A, continued

Both organizations helped to improve service delivery to the poor in Bangladesh and had an important international footprint (World Bank 2016). Several African countries are progressing from early to emerging stages of SE ecosystem development. For example, Kenya has a vibrant local SE community, and the country is becoming a regional hub for social entrepreneurs. SE-relevant legislation can be found in many policy areas, including support for the development of IT infrastructure that has enabled many SEs, or government encouragement (based on Vision 2030) for startups and accelerator programs (such as c4dlab at University of Nairobi). South Africa also nurtures a vibrant SE sector, with authorities recognizing the role of SEs in service delivery to the poor. A distinguishing feature of South Africa's SE landscape is that it is mainly homegrown and driven by the government's concerns about addressing the country's societal and developmental challenges.

Appendix B. Overview of Available Quality and Cost-Efficiency Data for Types of Social Enterprises

Type of SE	*SE*	*Description*	*Quality improvements*
Stand-alone SEs	Bridge International Academies (Kenya, Uganda, Liberia12)	Bridge International Academies is a for-profit private school chain founded with the aim of providing students with high-quality pre-primary and primary education at a low cost. Bridge heavily invests in developing a robust curriculum created by experts in the education field. The curriculum itself is standardized and transformed into scripted lesson plans, which include step-by-step instructions allowing the program to employ less-qualified teachers.	According to a 2013 Early Grade Reading Assessment/Early Grade Math Assessment in Kenya, Bridge students gained the equivalent of 252 more days of reading education and 288 more days of mathematics education than their peers in neighboring public schools over the course of 26 months (Bridge International Academies 2014).
	Operation ASHA (India and Cambodia)	Operation ASHA establishes tuberculosis treatment centers within existing community locals (for example, strategically-placed shops, homes, temples, or health clinics). They train community members (often former patients) to become tuberculosis health workers who are responsible for identifying new patients, ensuring adherence to the drug regimen, and carrying out regular educational campaigns.	Operation ASHA achieved a 3.2 percent default rate for tuberculosis treatment, compared with the 60 percent default rate previously in place. The tuberculosis detection rate in areas served by Operation ASHA has increased by 95 percent over the four years that Operation ASHA has been working in these areas (self-reported, CHMI).
	iDE (Cambodia)	iDE Cambodia helps to build profitable enterprises and value chains that deliver sustainable social and economic benefits to the rural poor. In 2001, iDE introduced a low-cost ceramic water filtration technology to Cambodia, setting up local manufacturing and distribution networks and stimulating demand through social marketing campaigns. More than 250,000 filters have been sold to date.	Independent research showed that users of the ceramic water purifiers experienced a 46 percent reduction in the incidence of diarrhea (iDE Cambodia 2016). Each filter results in a financial gain of US$145 per household due to lower mortality, less time lost to illness, and lower costs for medicine and water boiling. Donors have invested US$1.9M in the past ten years, with a total social return on investment estimated at 15 to 1 (iDE Cambodia 2016).
	Jacaranda Health (Kenya)	Jacaranda Health provides low-cost, high quality maternal care for mothers in the Nairobi area. Each clinic offers obstetric care, safe deliveries, family planning services, and postnatal care.	Jacaranda Health has a 99.9 percent survival rate for mothers and newborns, with 45 percent fewer maternal complications than nearby public hospitals. Jacaranda also improved health behaviors; 90 percent of clients are still exclusively breastfeeding after nine weeks, three times the national average (Jacaranda Health 2015). They are piloting their quality management approach in two public hospitals in Kenya.
	Thrive Networks (Vietnam)	Thrive Networks is an international SE pioneering evidence-based programs and technologies in health, water and sanitation, and education for underserved populations in Asia and Africa.	Thrive Networks built, rehabilitated, or expanded over 180 rural water supply systems in Vietnam serving 400,000 individuals at a performance success rate/functionality rate of roughly 90 percent. The WASH program reached 1.3 million individuals with improved sanitation, 1.9 million individuals with water service provision, and 730,000 school children with deworming treatment and improved hygiene, all at a lower cost and better quality than publicly-managed services (Thrive Networks 2016).

Appendix B, continued

Type of SE	SE	Description	Quality improvements
SEs that work within or alongside public services	Ilm on Wheels (Pakistan)	Ilm on Wheel's Learning Boost is a program implemented by TeleTaleem, which seeks to improve teacher competencies and children's learning outcomes in early grade literacy and numeracy. The program is based on an effective and sustainable use of technology to deliver learning in public schools. The program uses a satellite (VSAT) equipped, self-contained van, containing computer servers, Android tablets, a power-generator, UPS, and routers to bring technology capability directly to public schools.	Statistically significant learning gains were observed. The mean numeracy score increase in the control group was 7.7 percent while those for the treatment group was 21 percent, a threefold increase. Costs of the intervention were also low, at US$14 per child per year. In a country like Pakistan where public schools spend about US$140 per child per year, these interventions amount to about 10 percent of the total yearly budget (Zualkernan and others 2014).
	Whave (Uganda)	Whave operates a Safe Water Security program in partnership with the Ugandan government and NGOs. Whave provides benchmark performance, trains community committees and candidates for local service utilities, and promotes rural banking facilities and accountability. At the local level, private sector technicians are contracted as franchisees to local, rural water service utilities. They are paid according to how well they anticipate technical problems and prevent downtime. Their incomes are also linked to water quality in homes and at source, as well as hygiene levels in each community in their concession.	Daily functional reliability of clean water sources in the 150 engaged communities is above 99 percent, in contrast to estimated reliability baselines of 40–70 percent. Hygiene levels in the communities have increased by 15 percent. The communities have experienced an average decrease in diarrheal longitudinal prevalence from 21.3 percent after 1 month to 10.1 percent after 13 months; and calculations suggest that 21,412 cases of diarrhea were averted to date (self-reported, Whave website and WASH Impact Network 2016).
	Possible Health (Nepal)	Possible Health provides primary and maternal health services through a hub and spoke model. To reach rural patients, Possible Health's main hub hospital is connected to 13 clinics and over 160 community health workers.	A portion of Possible Health's services are delivered through a P4P-based financing system with the Government of Nepal, where Possible Health only gets paid for achieving population health outcomes (WEF 2015). The SE provides its service at a cost per capita of US$4.8, compared to US$6–7 per capita of government spending (Schwab Foundation n.d.).
	Eneza Education (Kenya)	Eneza Education provides virtual tutors and teaching assistance through basic phones. Students can access locally-aligned curriculum, live teacher chat, assessments, and a leaderboard. Eneza is available via a subscription model and reaches over 700,000 unique users and 8,000 Kenyan schools. 30 percent of its users are outside a traditional school setting (for example, Garissa and Dadaab refugee camps) (Eneza n.d.).	A 2014 Impact Assessment of Eneza found that schools in which students were using Eneza scored 9.5 points higher than students in the control schools, and student marks improved by 22.7 percent, with minimal extra effort required by teachers (Eneza 2014).

Appendix B, continued

Type of SE	*SE*	*Description*	*Quality improvements*
SEs that enhance the quality of existing informal and private providers	LifeNet International (Burundi and Uganda)	LifeNet International utilizes a franchise conversion model to improve the quality of care within existing primary health care clinics in Burundi and Uganda. Franchisees receive clinical and management training, growth financing, and pharmaceutical supply from the LifeNet franchise network.	LifeNet measures quality improvement with a 100-indicator scorecard that indicates the quality of health practices. LifeNet's franchisees improved from an average score of 39-53 percent to an average score of 79-85 percent after LifeNet's medical trainings (LifeNet Q4 Report 2016).
	World Health Partners (India)	World Health Partners (WHP) links existing village-level health providers to a social franchise network, aiming to improve quality of care and affordability for rural communities.	WHP has achieved a 50 percent reduction in childhood pneumonia and diarrhea cases and an 860 percent increase in registered tuberculosis patients on treatment (self-reported, WHP website). The Bill and Melinda Gates Foundation is currently evaluating WHP for quality.
SEs that may lead to quality improvements in the overall market	Living Goods and BRAC (Uganda; BRAC operates in 12 countries)	Living Goods hires and trains local representatives to sell priority health goods, medical supplies, and basic hygiene products.	An evaluation found that introduction of malarial medicine sold by Living Goods and BRAC into the Ugandan market reduced the likelihood of incumbent outlets selling fake drugs, and reduced the overall share of fakes in the market by 50 percent (Björkman-Nyqvist and others 2013).
	MedPlus Pharmacies (India)	MedPlus Pharmacies has over 1,050 pharmacies serving over 40,000 customers daily. The pharmacy chain aims to reduce the selling of counterfeit drugs in the market.	A 2014 study found that the introduction of a MedPlus pharmacy outlet in Hyderabad, India led to a 5 percent improvement in drug quality and a 2 percent decrease in prices by market competitors (Bennett and Yin 2014).

Appendix C. Survey of Social Enterprises in the DRC

Note: This survey has been administrated through various channels: face-to-face, google forms, and over the phone. A written French version is available as well as audio translation in local languages (Lingala, Swahili, and Tshiluba).

The questions in blue were used for the mapping of SEs at the first stage. The remaining questions composed the in-depth survey administrated to 200 SEs.

I. Enterprise: name, history, mission, clients

An SE is defined as a for-profit or non-profit firm with a social mission characterized by the provision of goods and services tailored towards specifics needs of targeted populations especially the poorest and most vulnerable. The firm should not depend on government subventions in the long run.

Questions	*Examples of Codes/Instructions For all questions, option 99 = do not know/do not wish to answer*
Q1. Identity Questions cover basic information about the SE, including the SE name, founder, year established, gender of the founder/CEO/manager, and any SE contact information and web pages.	
Q2. Type of enterprise 2.1 Is the founder/CEO/manager an individual entrepreneur? 2.2 Is it a family business?	1 = yes, the founder is also the unique employee or 2 = no, the enterprise has at least one employee besides the founder.
Q3. Status and geographical spread 3.1 Is the enterprise formally registered?	1= yes or 2 = no
3.2 If yes, where was it registered?	
3.3 In which year was the enterprise registered?	
3.4 What is the registration number?	
3.5 Under which legal form was the enterprise registered?	
3.6 What is the current location of the headquarters?	
3.7 What is the geographical spread of the enterprise's operations?	
3.8 In which provinces does the enterprise operate?	Each province has a number.
3.9 Does the enterprise have branches other than HQ?	
3.10 How many branches does the enterprise have? a- In DRC b- Outside of DRC	
3.11 Where are the branches located?	
3.12 In what type of environment does the enterprise operate?	
Q4. Structure 4.1 What is the business model of the enterprise?	1= for-profit; 2= non-profit; 3= hybrid
4.2 What is the governance structure of the enterprise?	
4.3 What percentage of women hold a position in upper management?	1=> 50% or 2=< 50%
4.4 What is the percentage of female employees?	
4.5 If the enterprise has social shares, what percentage is held by women?	
4.6 What percentage of youth (35 years old and younger) hold a position in upper management?	
4.7 What is the percentage of young employees?	
4.8 If the enterprise has social shares, what percentage is held by youth?	

Appendix C, continued

I. Enterprise, continued

Questions	*Examples of Codes/Instructions For all questions, option 99 = do not know/do not wish to answer*
Q5. Activity	
5.1 In how many sectors does the enterprise operate? 5.2 In what sector are most operations (>50%) concentrated? 5.3 What is the second sector where you operate the most? 5.4 What is the third sector where you operate the most?	Each possible sector has a number (for example, 1=agriculture, 2=mining, 3=education).
Q6. Mission	
6.1 Does the enterprise have a mission statement clearly defined and registered in the statutes and internal regulations? 6.2 If yes which is it? 6.3 Was the mission defined after the activities officially started? 6.4 What is the principal motivation behind the creation of the enterprise?	
6.5 What are the direct objectives of the enterprise's operations?	These are primary objectives directly linkable to the operations. These are distinct from good practices. Each possible objective has a number
Q7. Clients and beneficiaries	
7.1 Who are the clients (who pay) for your operations? 7.2 How many clients do you have in each category (counting each client once)? - Specify the period: daily, weekly, monthly, yearly 7.3 Who are the beneficiaries (users) of your services? 7.4 Do your operations or specific activities target women, and if yes, in what age group? 7.5 Do you know the number of beneficiaries served by the enterprise in 2019? Why? 7.6 How many beneficiaries do you serve in each category (counting each beneficiary once)? - Specify the period: daily, weekly, monthly, yearly	Multiple choices
Q8: What type of product or service do you sell to your clients?	

II. Growth and funding sources

Questions	*Examples of Codes/Instructions*
Q5. Activity	
9.1 At which stage of development is the enterprise? 9.2 What is the current number of full-time paid employees (working 35 or more hours per week)? 9.3. What is the current number of part-time paid employees (working fewer than 35 hours per week)? 9.4. What is the current number of volunteers (include all branches)? 9.5 Does the enterprise plan to hire more employee next year?? 9.6. How much in dollars have you received as payment from your clients for your products/services? Specify: daily, weekly, monthly, yearly 9.7 How much in dollars did you spend to produce your goods and services during the same period? 9.8 What do you expect to happen to your enterprise's turnover in 2020?	

Appendix C, continued

II. Growth and funding sources, continued

Questions	*Examples of Codes/Instructions For all questions, option 99 = do not know/do not wish to answer*
Q5. Activity	
9.9 Do you have any growth plan for 2020?	
9.10 If yes what are they?	
9.11 What is the principal forms of funding and investment that the enterprise received for 2020?	
9.12 What are the sources?	
9.13 What are the sources of funding that enterprise has secured in the past since operations started?	
9.14 What form(s) of external funding does the enterprise plan to secure in 2020?	

III. Relationships and partnerships

Questions	*Examples of Codes/Instructions*
Q10. Partnerships	
10.1 Aside from any financing partnerships, who are the current formal partners of the enterprise?	
10.2 Specify for each partner the terms of the partnership.	
10.3 What is the current state of these partnerships?	
10.4 Is the enterprise looking to develop new partnerships in 2020?	
- If yes with whom?	
10.5 Do you know/collaborate with other SEs?	
- If yes can you share their name/contact information?	
Q11. How would you describe your relationship with	
- The local authorities?	
- The central government?	
Q12. Opportunities/Challenges	
12.1 What is the current situation with management and staff?	For each question, specify
12.2 What is the current situation with financing and organizational resources?	Positive:
12.3 What is the current situation with material and equipment needed for production/service provision?	Negative:
12.4 On a scale of 0-5 how would you describe the general knowledge about your product/service?	0=no knowledge 5= perfect knowledge
- Explain	
12.5 On a scale of 0-5 how would you describe the acceptance of your product/service by your targeted population?	0= products rejected by the population
- Explain	5= products completely adopted by the population
12.6 On a scale of 0-5 how would you describe the availability of your product/service to your targeted population?	
- Explain	
12.7 On a scale of 0-5 how would you describe the payment capacity of your targeted population?	
- Explain	
12.8 During your production, storage, or distribution processes, what are the opportunities and challenges related to	
- Infrastructure - Energy	

Appendix C, continued

IV. Monitoring and evaluation of results

Questions	*Examples of Codes/Instructions For all questions, option 99 = do not know/do not wish to answer*
Q13. Instruments of monitoring and evaluation	
13.1 Does the enterprise measure the impact of its activities? - If yes how?	1 = Feedback mechanisms (consumers survey, suggestion boxes, periodical data collection…) 2 = Village/community meeting 3 = Administrative data analysis 4 = Learning test or evaluation of beneficiaries 5 = Phone follow-up 6 = Internet and social media follow-up 7 = Feedback from partners 8 = Monitoring of self-selected indicators 9 = others

V. Digitalization

Questions	*Examples of Codes/Instructions*
Q14. Use of ICT	
14.1 How do you distribute your product and services?	
14.2 How do you advertise your products/services?	
14.3 How do you advertises job openings?	
14.4 How do you fundraise for your activity?	

Appendix D. Summary of Consultations and Discussions

This comparative table summarizes findings from the focus group discussions with SEs that were part of the 198 that were already interviewed to discuss preliminary findings of the study. For each city new findings were reported. Focus group activities were also conducted in Goma with SEs in agriculture. The additional lessons learned are in blue. These focus groups were conducted in February–March 2020.

The table also reports early consultations in December 2019 with incubators and SEs to refine the methodology and identify key players in the SE ecosystem.

Focus Groups with SEs				
Themes	*Lubumbashi*	*Goma*	*Kananga*	*Mbuji-mayi*
Number of participating SEs	25	19	14	10
Suggestions to develop SE sector in the DRC and improving women/youth participation	Improve compliance to procurement and outsourcing laws Tax exemptions Develop local partnerships For women : role models in entrepreneurship and social entrepreneurship For youth: training in (social) entrepreneurship, management, and accounting.	Develop a clear model for profits redistribution in hybrid structures Facilitate access to government funding. Create transformation units at the provincial level.	In addition to suggestions in other cities: conduct sensitization campaigns on social entrepreneurship.	Government should oversee or organize traditional chiefs dealing with SEs in agriculture Improve restrictive land acquisition laws for >100ha Develop technical partnerships with experts in international organizations such as the World Bank
Constraints to SE activity	Limited access to procurement and outsourcing markets due to nepotism Limited capacity to meet the demand	Limited collaboration with the government Lack of capacity in financial management, technical skills, proposal writings Security challenges for SEs operating in rural areas (especially in agriculture) Limited access to large scale agricultural projects.	Lack of quality infrastructures impede supply of production materials and distribution of products: roads (including roadblocks), energy, telecom Limited access to funding High and multiple taxes.	Limited information on call for proposals for potential funding. Those who apply are seldom selected. Informality-related constraints In education, gratuity affects quality service delivery.
Financial sustainability: job creation, personal and family needs, supporting firms' activities	High potential for job creation especially when partnering with national job agency (Office National de l'Emploi) Limited capacity to sustain owner, families, and create more jobs.	Same observation as other cities	Same observation as other cities	Same observation as other cities

Appendix D, continued

Focus Groups with SEs, continued				
Themes	*Lubumbashi*	*Goma*	*Kananga*	*Mbuji-mayi*
Improving partnership with actors of the ecosystem.	Create avenues for partnerships with financial institutions and schools/university/ trainers	Good collaboration with traditional chiefs but more structure needed for partnerships with provincial and national government Improve technical capacity building to understand local needs better. For WB projects like PNDA: (1) create a platform to inform ES of the activities, (2) use a community-centered approach, (3) Formality as an eligibility criteria (4) Rotating credits	Good partnership with humanitarian organizations and within the education sector.	Same as in Kananga
Collaboration within the SE sector and outside (donors, MBDs, government)	Lack of collaboration among SEs. Support needed from WB in (1) Reforming the Fonds Social, (2) Continuing social entrepreneurship survey platform to keep data-base up to date, organize and link SEs (3) build SEs capacities for calls for proposal (4) support in developing partnerships with commercial banks and develop suitable credit instruments (such as collateral free loans) banques commerciales Support needed from government: enforce compliance to outsourc-ing and procurement laws	ES are collaborating in terms of capacity building Need to develop a legal framework for collaboration with provincial and central government, especially to address land and agriculture issues, legal disputes, police role etc Create SEs consortiums/ groups/associations	Need to develop a framework for collaboration within de SE sector : events, call centers	Same as Kananga
Formality and challenges to SE registration	Most SEs present are informal. Lack of information/ transparency on the registration process. Support needed to complete registration. Tax exemptions to encourage.	Not discussed	Most SEs present were formal but complain on the duration of the registration process.	Lack of transparency in fees for registrations. Costs vary too much. Recommend allowing the SEs to pay directly. Better monitoring of the registration process to reduce time.

Appendix D, continued

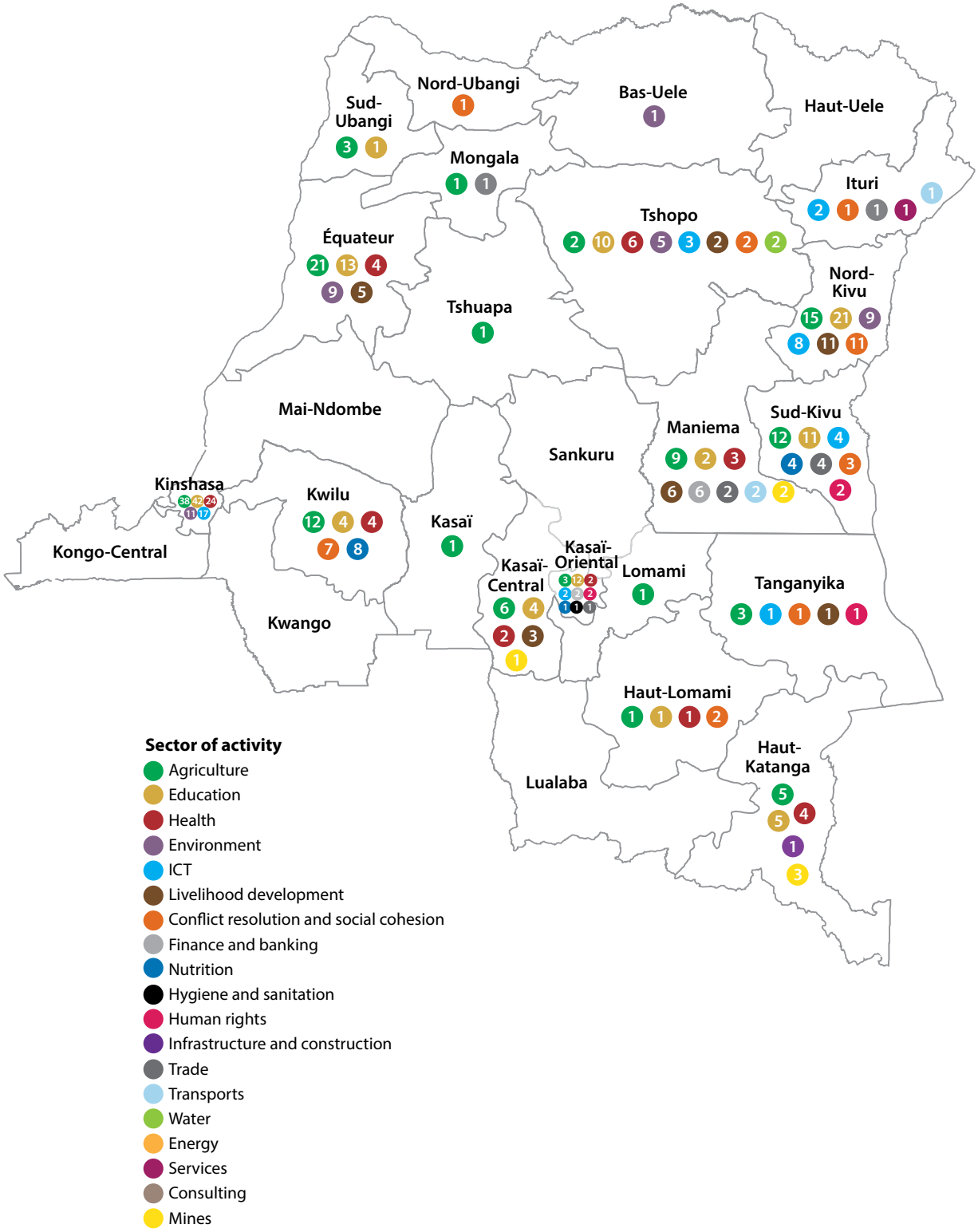
Focus Groups with Ecosystem Stakeholders				
Themes	*Lubumbashi*	*Goma*	*Kananga*	*Mbuji-mayi*
Number of participating institutions and organizations	13	18	18	11
Importance of social entrepreneurship in the DRC especially your province	For development, social initiative and fostering community participation	Same observation as in Lubumbashi	In addition to the observation in Lubumbashi Social entrepreneurship brings creative solution in poor provinces as the Kasai	Social entrepreneurship for job creation among the youth in the Kasai. Crucial in fighting against child prostitution, violence, alphabetization centers
Social entrepreneurship agenda	None. There is a need to define social entrepreneurship in the DRC and design a legal framework.	Same observation as in Lubumbashi	Same observation as in Lubumbashi	Same observation as in Lubumbashi
Known social entrepreneurs/ enterprises	Gave the name several SEs including incubators.	Requested the link to our platform of data collection to publish through their own channels and encourage SEs to register	Same observation as in Goma	Same observation as in Goma
Role of social entrepreneurs in local development	Complete government development actions Are better at providing services in remote areas.	Same observation as in Lubumbashi	Same observation as in Lubumbashi	Same observation as in Lubumbashi
Partnerships with social entrepreneurs	Several challenges to partnering with SEs. They need capacity building: training in business plans and management. SEs need to get organized to be better integrated in value chains, and partner with large firms	Need to put more effort into collaborating with FEC and government	Support to develop Public-Private partnerships	The Fonds national de promotion et service social is ready to support SEs but they lack information about SEs operating in their area.
Recommendations to facilitate registration processes	Sensitizing in the process and costs at the Guichet	Same observation as in Lubumbashi	Allow registration with only one ministry or create a Guichet unique for SEs only. Create agencies to allow SEs to register locally. Allow young SEs to pay only 25% of the fees to start their activities. The remaining 75% could be paid 6 months after registration.	Same observation as in Kananga on local registration

Appendix D, continued

Focus Groups with Ecosystem Stakeholders, continued				
Themes	*Lubumbashi*	*Goma*	*Kananga*	*Mbuji-mayi*
Suggestions to develop SE sector in the DRC and improving women/ youth participation	Guarantee funds Sensitization campaigns on social entrepreneurship Promote frequent events where SEs discuss with government Common funds for SEs. Coaching, training and mentoring in fundraising and loan applications	Design a framework of frequent conversations between SEs and actors of the ecosystems. Promote frequent events of experience sharing among SEs.	Create women and youth networks for maximum impact	Encourage government participation: create an SE agenda. Capacity building for SEs Improve quality and access to basic infrastructure especially energy.

Other Consultations in Kinshasa	
Themes	*Participants*
• Discussions with incubators on their activities • Key players in SEs ecosystem • Challenges in SEs founding and activities • Digital SEs	• Francois Ngenyi, Richard Luamba, Fely Samuna (co-founders, Ingenious City) • Jeffrie Nawej, (representative, Hub RDC)
Inception workshops with SEs to refine methodology and data collection tools	• Bilanga Ya betu • SALA BILANGA • Sarcon sarl • LIZADEEL • CONGO MEDIKA • FONDATION BOMOKO • MAYELE sarl • GENIE TECH GROUP sarl

Appendix E. Map of Social Enterprises by Sector of Activity in the DRC



Appendix F. Democratic Republic of Congo Public Procurement with Social Enterprise

Rationale

The underlying rationale for promoting social entrepreneurship in the context of public procurement is value for money (VfM). The wave of reform of public procurement policies over the past 10 years now places VfM at the core of those policies. This allows governments, procurement agencies, and international organizations to include the extent to which public contracting proposals and bids reflect social and environmental impacts in their contract award decisions. VfM has been adopted by numerous countries and international organizations, including the World Bank, since the early 2010s. It is now on the agenda for the World Bank's procurement reform efforts in some 60 borrowing member countries.

The focus on VfM is a shift from the longstanding policy, shared by the World Bank and most other development organizations, that largely, but not exclusively, justified procurement decisions on the basis of least cost. The focus on costs assumed that benefits were constant and/or any additional benefits, beyond those specifically required, were not justified by additional costs. VfM looks at this differently. It recognizes economic, social, and environmental externalities that are typically not reflected in quoted prices. An example is the multiplier effect on local economies of increased employment opportunities or the cost to society of CO_2 emissions. VfM does not stop at the cost at acquisition; it covers total life cycle costs, including operation, maintenance, and disposal or remediation. It further lets procurement decision makers attribute a value to intangibles. These can be important in the social sphere, notably the impact on the poor and marginalized, inclusion, community cohesion, levels of trust, and other dimensions of social capital.

Implementation

Under social procurement, it is up to the government and contracting agency to determine what factors need to be included and which supplier is in the best position to satisfy their requirements. In general, the process to be followed includes an analysis of community needs, what social values are priority, the market for the desired goods and services, the target population's willingness and ability to pay, different delivery models, and potential suppliers, including SEs. Pre-qualification can be a step in the procurement process to narrow the field of eligible suppliers. Finally, it is up to the contracting agency in the bidding documents to set out the specific requirements and determine the importance and weights to be assigned to various rated factors—price, technical quality, and social and environmental benefits.

To date, particularly in emerging economies, there has been limited deployment of social procurement as a vehicle to create markets for the products and services provided by the SE sector, as this is a relatively frontier approach. Instead, almost all donors, including the World Bank and other multilateral development banks, provide for contracting with NGOs and community-based organizations in simplified ways and, by definition, these projects support community-based SEs. Such programs often work simultaneously on both the demand and supply side: on the demand side, by engaging NGOs to provide certain services, usually aimed at community mobilization, training, and so on, complemented by credit, which in turn strengthen the supply side—farmer organizations, associations, and cooperatives. Again, the support is directly provided to the communities and is not awarded by the conventional public procurement rules but under

the special provisions allowed for such operations. Nor do these operations typically lead to cost recovery for services or any other revenue-producing opportunities for the actors for SEs to be self-sustaining.

Procurement in the DRC

To provide more context to the potential for using public procurement in the DRC to support its SE sector, it is worthwhile summarizing the general framework for public procurement that applies in the DRC. This summary is not based on a comprehensive review of that framework but relies on earlier assessments made by the World Bank, as presented in its support under the Public Financial Management and Accountability Project[1], and that of other organizations, notably the World Trade Organization (2016) and IMF (2019). SEs were also asked about their experience in the DRC as part of the data collection process.

The salient features of how public procurement is carried out in the DRC are as follows:

- The DRC's public procurement framework was last reformed in 2010, with a new procurement law and a number of supporting decrees for implementation. These policies remain in force. An update in 2017 addressed specific issues faced in PPPs.
- That reform introduced profound changes to the then existing regime. It separated functions (such as regulatory versus control and execution) and created a new control agency. Its scope is wide—covering works, supplies, and intellectual and other services. The new regime applies to the central government, provinces, decentralized agencies, public institutions, and state-owned enterprises. It sets thresholds for awarding contracts, publication and access to information, award criteria, and handling complaints.
- This new regime is considered a major step forward, yet, practices remain weak. As noted by IMF, the issues may be less about the content of the rules and regulations and more about their implementation. Only a small proportion of contracting passes through the standard procedures of competitive bidding: deviations from the rules are many—allowing the excessive use of sole sourcing and budgetary shifts under emergency procedures. Considerable spending bypasses the budgetary channels and is regularized ex-post.
- The number of separate bodies responsible for contracting and contract management is high: the government's central budget covers some 800 institutions. This, combined with weak institutional capacities, low remuneration in the civil services, and the strains of decentralization, only makes public procurement management and control difficult.

The SEs interviewed for this report echo these sentiments. They complain about corruption and nepotism in the public procurement system, substandard and opaque procurement processes, delays and defaults on payments, and the reticence and lack of understanding of different business models, including SEs, among public sector employees. Several SEs complained they spend significant time and money responding to calls for public purchases but are never successful. Nevertheless, SEs reported more success with public procurement at the municipal level, and there are interesting examples of public-private collaboration. SEs explained that local governments are more committed to results and have more trust in private sector solutions. Contracts are also smaller, and local entrepreneurs are more competitive to win them.

It is likely that MSMEs face similar barriers as SEs in accessing the public procurement market in the DRC. MSMEs complain about the same

things as SEs: poor access to information on coming contracts, the considerable time needed to prepare bids, demanding requirements for bid warranty, performance guarantees, credit worthiness, turnover requirements, lack of confidence in the contract award process, and payment delays even when they are able to win a contract.

Measures to address these concerns could help both sectors. As pointed out in the technical report on policies that promote SME participation in public procurement (World Bank 2017), a wide range of policy interventions is possible, from less intrusive changes that stick to core procurement principles but serve to level the playing field to more intrusive policy changes that target specific groups—whether SEs or MSMEs—via measures on the supply side, such as training, simplification of processes and procedures, setting targets, and providing preferential access under the public procurement regime. These last measures, however, can affect competition and procurement outcomes.

Given how SEs are defined along a continuum for the purpose of this report, from nonprofits to commercial enterprises, there is overlap between the two sectors. Thus, improvements can help both sectors increase their access to the public procurement market. Yet, SEs and MSMEs do approach their businesses differently and have different missions. They can have different legal structures and tax regimes. As a result, the two sectors are likely to benefit from general policy changes to the public procurement framework that will improve its efficiency as well as tailored and specific assistance, addressing supply and demand concerns.

Options for Public Procurement of Social Enterprises

This last section focuses on using World Bank-financed operations as demonstrations for defining a role for SEs and accommodating them under World Bank procurement as pilots. First, guidance notes and tools provided advice to practitioners under World Bank-financed projects. These tools addressed value for money, evaluation criteria, project procurement strategies and procurement planning. The guide on sustainable procurement is relevant for ways to accommodate SEs under World Bank-financed operations. That allows for the inclusion of supplier diversity, use of local resources, gender dimensions, affordability, and social inclusion among factors relevant to SEs.

Second, there is flexibility under the choice of procurement method to accommodate SEs. Procurement in World Bank-financed programs might be relevant to support social entrepreneurship in the DRC in four broad ways. These choices are informed by supply chain and market analysis and fully developed in the project procurement strategy.

- **Contracting or sub-contracting with commercial enterprises:** It is possible to adapt the approach taken in the European Union and elsewhere to attach social clauses, targeted employment, training, apprenticeship requirements, local sourcing, or SE participation for relatively large scale contracts or sub-contracts. In a similar vein, commercial enterprises could be required to provide enhanced environmental commitments, under which enterprises are required to adopt sustainable approaches to construction, emissions, waste management, and so on. These social and environmental commitments could be set out as mandatory or conformance specifications (with a pass-fail on bid evaluation) or performance-based (whereby these criteria are rated and the bidder would gain more points for meeting or surpassing the base levels). The prime contractors would also have to engage with SEs as facilitators

and mentors to achieve the targets.

- **Reserved procurement for SEs:** There may be cases, based on the program requirements, that procurement can be reserved or set aside for a particular category of SE, including NGO or association. These requirements would have to be neutral with respect to legal entity, nationality, and so on, to comply with public procurement rules on non-discrimination, but can be specific as to attributes, geographic location, local knowledge, capacity, and experience in the field. One way of doing this could be through a pre-qualification process to narrow eligible entities. Ex-ante registration as pre-qualification can serve a similar purpose to the certification process that exists in the European Union, Canada, and Australia but it allows for more flexibility to match eligibility with operational requirements. Given the wide range of SEs, a single certification process, at one point in time, is not likely to meet all operational needs.
- **Results-based outsourcing with SEs:** Public agencies could outsource to SEs (or a combination with more mainstream commercial enterprises) to deliver basic services for a target population. One issue is the border between the public agency responsible for public service delivery (such as water, sanitation, or electricity) and an SE alternative. This seems to have been resolved in the Bangladesh Rural Electrification and Renewable Energy Development Project but could be equally applied in health and education, for example. In addition to being a more economical and expeditious solution, outsourcing to SEs may be more socially acceptable than engaging exclusively with a commercial profit-making enterprise. Such an approach may be viable in case the prime agency does not have the technical and/or financial means to expand basic public services to particular consumers within a reasonable time frame. It may make economic and social sense to provide alternative services, such as clean water, sanitation, and waste collection, at a lower cost that would not be attractive to conventional commercial enterprises.
- **Loans, subsidies, and grants to SEs:** While technically not a public procurement, granting loans or subsidies to SEs, and their attendant networking and support groups, may be the only feasible option. It could be employed as a blend of grant, loan, and/or cost recovery and payment for delivery, taking into consideration willingness to pay. Startups, market breakthroughs, innovations, and market development are typical circumstances that would justify capital subsidies, technical assistance, and mentoring, even though the rate of return might not be high. Entrepreneurs learn from mistakes too. This would be the case if the starting point for SEs was too weak for such enterprises to be awarded public contracts with any chance of carrying out the contract and being sustainable.

NOTES

1. Additional financing for this operation was approved in 2017 and added new activities to support implementation of the public procurement law, including public access to information, provincial level procurement regulatory units, procurement data management systems, and periodic procurement audits.
2. This report was prepared by the World Bank on behalf of the Business Environment Working Group of the Donor Committee for Enterprise Development.

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